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ABSTRACT

A study analyzed the revenues of the Chicago Public Schools since 1970; all the relevant data on these revenues are compiled in this document, which presents a comprehensive picture of the finances of the Chicago Public Schools. In response to a fiscal crisis that has continued since 1979-80, the Chicago Board of Education has cut its staff by nearly 18 percent, but the state legislature also cut the board's revenues by $40 million at the same time. For the last three years, the board has achieved a balanced budget by a series of one-time "gimmicks" to fill the gap between anticipated revenues and planned expenditures. The projected deficit for 1984-85 is now $171 million, primarily because revenue is expected to be $125 million lower for the following year. Accordingly, it seemed appropriate to examine revenues of the board from all sources, local, state, and federal, in this document. Major findings are as follows: (1) since 1978, total revenues have risen slowly; (2) the board's total purchasing power fell by 16.5 percent due to inflation; (3) local revenues have been static since 1972; (4) state aid has declined steadily since 1978 in constant dollars; (5) federal aid has kept pace with inflation, but educational programs have been drastically curtailed; (6) per student support, adjusted for inflation, has declined 19 percent since 1978; (7) Chicago stands sixth among eight major cities in per student revenues, but its balance of state/local revenues is comparable to that of other cities; (8) suburban Chicago districts have higher local tax rates and higher per student revenues and their share of state aid has increased since 1980; and (9) the school property tax burden has lagged behind inflation. The report concludes with recommendations to reverse the deterioration of public school funding and to restore federal support for educational programs to 1980 levels. Thirty-five tables are appended. (TE)

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CHICAGO PANEL ON PUBLIC SCHOOL FINANCES

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REVENUE SHORT FALLS at the CHICAGO BOARD of EDUCATION: 1970--1984

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EXECUTIVE SUMMARY

This study analyzes the revenues of the Chicago Public Schools since 1970; it compiles in one document all the relevant data on these revenues. Together with the Panel's original study of the Board of Education's expenditures since 1979 (now updated), it presents a comprehensive picture of the finances of the Chicago Public Schools.

The fiscal crisis at the Board of Education has been continuing since 1979-80. As examined in the expenditures study, the Board cut its staff by nearly 18% (8,497) in response to this crisis, but the state legislature also cut the Board's revenues by $40 million at the same time. For the last three years, the Board has achieved a balanced budget by a series of one-time "gimmicks" to fill the gap between anticipated revenues and planned expenditures. For 1984-85, this "gap", the projected deficit, stands at $171 million, primarily because revenue resources will be $125 million lower next year than this. Since expenditures, when adjusted for inflation, have actually been falling every year since 1977-78 and have been lower than the 1970 level for the last four years, it seemed appropriate to examine the revenues of the Board.

The Chicago Board of Education receives funds from three levels of government: local, state, and federal. Local revenues come primarily from property taxes, although in recent years aggressive short term investment of tax receipts (in the interim between collection and expenditure) have produced sizeable interest revenues. State revenues include the basic distributive aid allocated to local districts by a complex formula, reimbursements for Special Education, Bilingual Education and a few other programs, and the Corporate Personal Property Replacement Taxes which began in FY 1980. Federal funds are much smaller and are generally restricted in use; thus, they cannot be used to offset operating deficits. The following chart shows the revenues since FY 1978, by level of government (in millions of dollars):

CHART 1: TOTAL REVENUES SINCE 1978
(in millions)

	1978	1979	1980	1981	1982	1983	Budget 1984
LOCAL	$449.2	$437.0	$400.4	$470.3	$426.8	$473.9	$588.8
%	39%	37%	32%	35%	33%	35%	40%
STATE	562.9	579.8	683.9	707.7	691.7	679.2	656.6
%	48%	49%	54%	52%	54%	50%	45%
FEDERAL	148.6	160.0	181.7	181.7	162.1	195.6	219.0
%	13%	14%	14%	13%	13%	15%	15%
TOTAL REVENUES	$1,160.7	$1,176.8	$1,266.0	$1,359.7	$1,280.6	$1,348.7	$1,464.4

As can be seen from these figures, since the institution of the Corporate Personal Property Replacement Taxes(CPPR), a state-wide corporate income tax to replace previous local property taxes, the state's share has risen to over 50% of Chicago's revenues in each of the previous four years. However, with the rise in projected local tax revenue and the continuing decrease in state revenues, the state share in the 1984 Budget(all figures from 1970 to 1983 in this study are taken from audited financial reports) drops to 45%. It is important to note that state aid to Chicago's schools has been declining, even including the CPPR, since 1981. Further, statewide, Illinois provides only 38% of local education costs, providing higher percentages only to those districts with high concentrations of economically disadvantaged students.

Local revenues declined from 1978 until 1983 when the state allowed the Board to once again collect the level of local property taxes available to it prior to the 1979-80 fiscal crisis. Federal revenues remain at a fairly steady 13%-15%, though dipping significantly in 1982. A smaller dip in funds for educational programs in 1981 was masked by a rise in lunchroom funds in that year. The large increase in the 1984 Budget reflects a one-time federal grant for desegregation as the result of a court judgment.

However, the moderate increases in revenues disappear when these figures are adjusted for inflation. The costs of goods and services (as measured by the Consumer Price Index) has more than doubled since 1978. Thus, for the same dollars, the Board's purchasing power was cut in half. The following chart, using 1967 based dollars, shows the effect of inflation on the Board's revenues:

CHART 2: TOTAL REVENUES ADJUSTED FOR INFLATION
(in millions)

	1978	1979	1980	1981	1982	1983	Budget 1984
LOCAL	$251.7	$225.5	$180.9	$188.0	$154.1	$161.2	$194.3
STATE	315.3	299.2	309.0	283.0	249.8	231.0	216.7
FEDERAL	83.2	82.6	82.1	72.6	58.5	66.5	72.3
TOTAL REVENUES	$650.3	$607.3	$572.1	$543.6	$462.5	$458.7	$483.3

As can be seen by these figures, the moderate increases in current dollar revenues between 1978 and 1983 turn into decreases totaling 29.5% in constant dollar terms. State support, even with the CPPR decreased 27%; basic distributive aid fell 34% in real terms during this period. Local revenues had fallen 39% by FY 1982, before the restoration of full taxing authority in 1983, but still fell by 36% overall. Federal programs fell by 20%. The 1984 Budget projects a substantial recovery of local revenues, above the purchasing power of 1980, while state revenues continue their dramatic decline.

One other major factor must be taken into account. Student enrollment fell steadily throughout the 15 years covered by this study. There were 133,000 fewer students in 1983 than in 1970, nearly 65,000 less than in 1978. With fewer students, some expenditure reductions should be possible as fewer teachers are required. However, revenues per student in constant dollars have fallen as well: from $1,304 per student in FY 1978 to $1,057 in FY 1983, a decrease of 19%. State revenues per student have fallen 20% in real terms just since FY 1980! Local revenues per student were 27% lower in 1983 than in 1978. Total revenues per student increase slightly in the 1984 Budget.

CHART 3: REVENUES PER STUDENT -- ADJUSTED FOR INFLATION

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
LOCAL	$526	$529	$529	$533	$527	$554	$490	$500	$505	$468	$389	$419	$385	$371
STATE	329	346	376	417	470	528	529	630	632	629	664	630	575	532
FEDERAL	113	115	130	133	133	159	135	141	167	172	176	162	135	153
TOTAL REVENUES	$968	$989	$1,035	$1,084	$1,231	$1,241	$1,146	$1,272	$1,304	$1,281	$1,229	$1,211	$1,085	$1,057

Another important source of funds for the Board of Education has been the proceeds of bond sales. Bonds provide money for major construction or renovation projects; this money is repaid out of a special tax set to produce the needed repayment revenues--that is, it is passed on directly to the taxpayer without strain on the operating revenues of the Board.

CHART 4: TOTAL BOND SALES
(in millions)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
REHABILITATION	$0	$0	$0	$0	$0	$75	$55	$30	$45	$0	$0	$0	$0	$0
CONSTRUCTION	0	25	35	55	0	15	45	15	15	0	0	0	0	0
TOTAL BOND SALE	$0	$25	$35	$55	$0	$90	$100	$45	$60	$0	$0	$0	$0	$0

Since 1979, the Board's bond rating has been so low that it has been unable to borrow money in this way. For several years only emergency maintenance was done. In the last two years, preventive rehabilitation funds have been budgeted out of operating funds, reducing the amount available for educational programs. This condition is likely to continue until the Boards's revenues are stabilized.

In each of the last three years, the Board has balanced its budget through the use of one time gimmicks. Following the fiscal crisis of 1979-80, the School Finance Authority provided the Board with $438 million in working cash to help the Board meet its bills before revenues were received(local property tax revenues are received over a year after funds have been expended). In 1982, Midway Airport was sold to the city for $16.5 million and $6.5 million was diverted from the city's Community Development Block Grant. In 1983, $21 million was promised from CDBG(only $16 million of which was delivered by the city) and a special one-time "pension pick-up" levy produced $29 million. In 1984, the Education Fund tax rate was restored(increased), but a speed up in the tax collection provided a one-time bonanza of $27 million; further, $6 million worth of property was sold. Thus, each year, the budget has been balanced, but a continuing gap exists between stable revenues and current expenditures, even though expenditures per student have decreased by 15% when adjusted for inflation.

In findings similar to those included in the expenditure study, this research revealed the Board is more responsibly planning its fiscal affairs in projecting its revenues. Comparing budgets to actual revenues, the Panel discovered that there were serious overestimations of expected revenues in the 1970s. These were largely due to the ever rising non-collection of Corporate Personal Property Taxes. With the demise of this tax and new financial proceedings instituted following the 1979 fiscal crisis, the Board's revenue projections have been very reliable. The only significant variance between budgeted and actual revenues since then was in 1982 when the budget was adopted prior to the end of the legislative session and it incorrectly anticipated the restoration of the full Education Fund tax rate for that year.

The question is often asked, "How does Chicago compare with other school districts?" Chicago is in the mid-rank of other major American city school systems. Among a selection of 8 major city systems, Chicago is the third largest in enrollment and budget. However, it is currently sixth in revenues per student. Chicago's balance of local-state support is similar to that of New York, Cleveland, and Philadelphia. Detroit(60%) and Los Angeles(75%) receive far higher state support, while Houston(57%) and Denver(66%)

rely far more on local support. Among Illinois districts, Chicago has more than eleven and one-half times as many students in attendance as the next largest system (Rockford). Chicago regularly ranks at the top of selected central city unit districts in total revenues per student, in the middle on revenues from property taxes, and behind East Saint Louis in state revenues per student. However, Chicago regularly falls considerably behind suburban districts on total local revenues per child, and due to recent changes in the state's distribution pattern, suburban districts have closed the gap in state revenues per student. New Trier, the richest district in the state, has increased its state aid per student nearly eight-fold during the course of this study, mostly in the last few years.

School property taxes have risen during the course of this study. This has been the result of a property tax increase in 1972, continuing small increases in the floating rate levies, and the introduction of the School Finance Authority levy. However, equally important has been the rising value of property in the city. Still, property values have not risen as quickly as inflation and neither have the average homeowner's school tax bills, which have actually lagged 7% behind inflation. Total suburban property taxes on comparably valued properties are similar to total city taxes, but city taxes must support many other services(municipal overburden). Chicago school taxes are about 40% of a taxpayer's bill while suburbanites see more than 60% of their property taxes going to support their schools. Thus, the suburban districts support far higher property tax revenues per student, without paying higher total taxes.

The School Finance Authority has played a crucial role in stabilizing the finances of the Chicago Board of Education. Had such a body existed in the early 1970s, the fiscal difficulties resulting from huge overestimates of revenues might have been avoided. It is undeniable that fiscal procedures at the Board of Education have been vastly improved since the financial crisis, for which the financial staff is to be commended. Their job is reinforced by the necessity of satisfying the judgment of the independent oversight provided by the Authority. Further, the independent assessment of the plight of the finances of the Board is a significant factor in the political decisions which must be made to deal with that plight. While the Panel could not reach unanimity on recommending the continuation of the full powers of the Authority, it was unanimous in supporting the continuation of its oversight of the annual budget and the Three Year Plan for another three years.

A final word must be added about the relationship of the figures in this study to the current projected deficit for the Chicago Public Schools. Because of the extremely long period between the projected levying of taxes to support the schools and the receipt of those taxes, school boards all face severe cash flow problems. Thus, for day to day operations(meeting payrolls, paying bills) cash accounting is critical. The projected deficit of $171 million is a cash accounting deficit which can only be solved by receiveable cash or expenditure cuts. The Panel does not believe enough expenditure cuts can be made(although it feels some cuts should be effected) to offset this deficit without seriously diminishing the quality of education or directly causing an employee strike. The figures included in this report are not calculated on a cash basis(they are accrual figures) and thus do not directly match the cash figures. However, it is clear that even on the less critical accrual basis, the revenues of the Board of Education have seriously deteriorated since the mid-1970s. This report examines the extent and causes of that deterioration.

FINDINGS

1. SINCE 1978 TOTAL REVENUES HAVE RISEN SLOWLY

   Although, total revenues of the Chicago Board of Education have more than doubled since 1970 from $624 million to $1.349 billion in 1983, they flattened out between 1978 and 1983. Revenues increased by only 16% during the latter period and in 1982 revenues actually declined from the previous year.

2. THE BOARD OF EDUCATION'S TOTAL PURCHASING POWER FELL BY 16.5% DUE TO INFLATION

   During the period 1970 - 1984, the Consumer Price Index nearly tripled, rising from 113.6 (on a 1967 base) to 303.0 in 1984. The Board's total revenues have not kept pace with inflation. The Board's revenues rose faster than inflation between 1970 and 1978, but have fallen behind inflation since then. In constant dollars, the Board's revenues were 16.5% lower in 1983 than in 1970!

3. LOCAL REVENUES HAVE BEEN STATIC SINCE 1972

   Local revenues remained relatively static for most of the period studied. In 1983, local revenues were only $50 million higher than in 1972 (the year of the last general tax increase). In constant dollars, the Board's local revenues were $186.0 million lower in 1983 than in 1972. Adjusting for inflation, the Board's purchasing power in 1983 was only 46% of what it was in 1970. Thus, in 1983, local revenues could provide less than half of what they could in 1972!

4. STATE AID HAS FALLEN IN THE LAST TWO YEARS AND HAS DECLINED STEADILY SINCE 1978 IN CONSTANT DOLLARS

   State revenues have tripled since 1970, reflecting dramatically increased funding between 1970 and 1977 (from $211.8 million to $540.7 million). Exclusive of the Corporate Personal Property Replacement taxes, state revenues have risen only $81.6 million since 1978. State revenues have fallen $28.5 million in the last two years, even including the CPPR. Adjusting for inflation, state aid to Chicago's schools has fallen 28% since 1977.

5. FEDERAL AID HAS KEPT PACE WITH INFLATION, BUT EDUCATIONAL PROGRAMS WERE CUT BY $23.3 MILLION BETWEEN 1980 AND 1982

Federal revenues have more than doubled since 1970, rising from $73 million to $195.6 million, about keeping pace with inflation over that period. However, support for education programs in 1983 stands at the same level as in 1980, after dropping severely (by $23.3 million) between 1980 and 1982. The recent recovery is attributable to the 1980 census figures which show Chicago's student population has a far higher concentration of the poor than the previous figures (1970 census) used to calculate Chicago's share of federal aid dollars.

6. PER STUDENT SUPPORT, ADJUSTED FOR INFLATION, HAS DECLINED BY 19% SINCE 1978

Enrollment has fallen by 133,000 students between 1970 and 1983, but has now stabilized and is projected to rise marginally in the next few years. With rising revenues and falling enrollment, per student revenues have risen during the course of the examined period. However, when adjusted for inflation, revenues in constant dollars fell $247 per student (19%) since 1978. Nearly half of that decline ($100) reflects declining state support, just since 1980. (Even including the CPPR, state support has fallen 20% during its four year life, and basic per student distributive aid has fallen 24% in constant dollars since reaching its peak in 1978.)

7. CHICAGO STANDS SIXTH AMONG EIGHT MAJOR CITIES IN PER STUDENT REVENUES, BUT IS COMPARABLE TO MOST OF THESE CITIES IN THE BALANCE OF STATE/LOCAL REVENUES

Chicago's School System is the third largest in the United States. Among eight selected major city systems, Chicago stands sixth in per student revenues, having dropped from fifth in 1979. In percentage of support from local revenues, Chicago (at 40%) is also sixth among the selected cities. However, Chicago is similar in local support to New York, Philadelphia and Cleveland which rank slightly above it. Denver and Houston stand apart from the rest, providing 66% and 57% of educational revenues locally. At the other end, Los Angeles provides only 16% of its revenues locally, receiving 75% of its support from state funds, while Detroit receives 60% from the state.

8. SUBURBAN CHICAGO DISTRICTS EXAMINED HAVE HIGHER LOCAL TAX RATES AND HIGHER PER STUDENT REVENUES; SINCE 1980, THEIR SHARE OF STATE AID HAS INCREASED

Chicago has about 25% of the state's public school enrollment, but because of its high levels of poverty, receives about 35% of total state aid. Other central city districts in Illinois, with similar lower tax rate limits, have as severe financial problems as does Chicago. Suburban districts have much higher local tax rates and per student revenues. Since 1980, because of technical adjustments to the state aid formula, the suburban districts share of state aid has increased significantly. This is true even for the wealthiest suburban districts.

9. THE SCHOOL PROPERTY TAX BURDEN HAS LAGGED BEHIND INFLATION

Chicago property taxpayers saw their education tax levies increase by 51% from 1970. During the same period, the value of an average home increased from $29,000 in 1970 to $62,900 in 1984. The combination of rising property values and slowly increasing educational property tax rates has meant that an average homeowner has seen his school taxes rise by about $233.33. In constant dollars, this represents an actual decrease of $7.93. Thus, in Chicago, school property taxes have risen more slowly than inflation. Compared with suburban districts, Chicago homeowners pay considerably fewer taxes for education, but their total property tax bill for all purposes (including city services) is closer to that of their suburban neighbors, due to the higher cost of urban municipal services and welfare costs.

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RECOMMENDATIONS

1. REVERSE THE DETERIORATION OF PUBLIC SCHOOL FUNDING BY RESTORING PER STUDENT SUPPORT AT LEAST TO 1978 LEVELS IN CONSTANT DOLLARS

   To restore previous levels of real support per student, the revenues of the Chicago Board of Education must be increased, not only for the short term, but on a continuing basis. To return to 1978 levels of support per student would require $315 million in additional revenues.

2. RESTORE THE $2.11 EDUCATION FUND TAX RATE FOR THE COMING YEAR, AND THEREAFTER

   Local support for public education has declined severely in real terms since 1972. The restoration of the full $2.11 rate in the Education Fund in 1983, while it increased the tax burden on Chicago property owners, merely restored the 1972 levels for the limited tax rates of the Board of Education. Because of imperfections in the rate restoration legislation, this rate will dip to a composite rate of $1.78 for the 1984-85 cash budget. Corrective legislation should be passed to maintain the Education Fund rate at $2.11/$100 EAV without jeopardy to future levies.

3. INCREASE LOCALLY GENERATED REVENUES TO RESTORE BALANCED LOCAL EFFORT

   Through the rapid increase in floating rate levies, a recently growing multiplier, and the rising assessment of real property, local revenues for Chicago's schools have not declined as sharply as might be expected from static tax rates that have not risen since 1972. However, the local share of the Board's revenues has significantly declined and total local revenues provide less than half the purchasing power they did in 1972. Therefore, some increase in locally generated revenues is imperative. The most likely source for this increase is a rise in a limited rate fund (e.g., the Building Fund might be increased from $0.45/$100 EAV to $0.59, producing an additional $21.8 million), or establishing a new rate limited fund (e.g., to bring Chicago into line with every other district in Illinois by establishing a Transportation Fund at $0.12/$100 EAV to produce $18.7 million). Other options include a local income tax for educational purposes.

4. RESTORE STATE SUPPORT TO 1978 LEVELS BY MAINTAINING THE 3% INCOME TAX RATE

State support for education has declined dramatically since 1978, even including the Corporate Personal Property Replacement taxes as state revenues. State revenues have declined sharply on a per student basis in constant dollars. To restore state support to 1978 levels would require $127.2 million dollars for Chicago alone, and $363.4 million statewide. To achieve this level of funding would require, at least, maintenance of the 3% income tax rate. This level of taxation has been acceptable to our state's taxpayers and should be retained. Further funding reforms being studied by the Illinois State Board of Education should be carefully analysed for their post-1985 effect.

5. RESTORE FEDERAL SUPPORT FOR EDUCATIONAL PROGRAMS TO 1980 LEVELS IN CONSTANT DOLLARS

Federal aid to education has declined dramatically under the current administration. Federal support for educational programs is targeted towards enhancing the equality of educational opportunity by providing programs for educationally disadvantaged students. Chicago has an increasing proportion of its students who require this assistance. Federal support for educational programs should be restored to their 1980 levels in constant dollars, exclusive of special desegregation assistance. This would require an additional $43.4 million in educational program dollars for Chicago alone, and would, nationwide, represent a major reordering of federal budgeting priorities.

REVENUE SHORT FALLS at the CHICAGO BOARD of EDUCATION: 1970--1984

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PART I - OVERVIEW

This is a study of revenues of the Chicago Public School system. Using the Chicago Board of Education budgets and year end financial statements, this study brings together in one document all the relevant data on the school system's revenues. A 15 year period is covered, beginning in the year 1970 and ending with the present school year. But why study the revenues of Chicago's Public School's? And why do we need to examine the resources (or lack of resources) of the Board over such a long time frame?

The current study of the revenues of the Board of Education will complete the Chicago Panel on Public School Finance's examination of the finances of the Board of Education. In August 1982, The Panel released its first research study, Budget Cuts at the Board of Education: A Five Year Look at Spending and Staffing for the Years 1979-1983 (described below). With this revenues study, a full picture of the finances of the Board is now available.

Further, the fiscal crisis of the Board for 1984-1985 is primarily the result of decreased revenues, rather than increased expenditures. Thus, it seems timely to examine what has happened to the revenues of the Board over a prolonged period. The Panel believes that further school system expenditure reductions can be made through increased efficiencies. However, the Panel does not believe that these possible reductions are of the scope to significantly resolve the current fiscal crisis, nor can many of them be in place before September, 1984. Thus, this study of the revenues of the Board of Education has been undertaken both to complete our understanding of the Board's finances and to understand the roots of the current shortage of funds.

The Chicago Public School system has experienced severe fiscal difficulties over the past decade. The financial crisis in the Fall of 1979 led to sharp cuts in expenditures and the creation of the School Finance Authority (which directly oversees the Board's budget, and must certify that it is balanced and has a reasonable chance of being balanced in the ensuing two years). The Authority assumed the short term debt of the Board and provided working cash for the system. However, these actions did not alleviate the money difficulties of the system. Neither the Authority nor the $100 million expenditure cuts made by the Board of Education have solved the Board's operating budget problems. In fact, the Board now faces a $171 million deficit for 1984-85. The ongoing fiscal difficulties of the Chicago Public School system contributed to the October 1983 employees strike (the longest in the system's history) and threatens to prevent the schools from opening next Fall. The fiscal problems of the public schools are, then, both important and pressing.

In its earlier study, Budget Cuts at the Board of Education: 1979-1983, the Panel examined, in detail, the changed patterns of spending, the reduction of the Staff by 8,497 persons, and the effect on the education of Chicago's children by the type of staff cuts which were made. The Panel criticized the Board for protecting administrators vs. classroom employees in staff reductions. Later staff additions, as a result of increased government funding, have reduced this staff imbalance. Further, the study analyzed the financial practices of the Board, and noted dramatic improvements in budgeting, controlling expenditures, and financial reporting. An update of this report is available from the Panel on request. Further research reports have examined management practices concerning teacher absences, class coverage by substitutes, and the frequency and location of teacher transfers.

The time frame of the current study is a long one -- from 1970 to the present. There are a number of reasons for this. To analyze significant changes in the two major sources of revenue for the Chicago system (local taxes and state aid) it is necessary to begin our study in 1970. Only two increases in the property tax rate have occurred in this period (one in 1972, the other in 1983). Illinois adopted a new constitution in 1970 in which the state assumed "primary responsibility" for public school education throughout the state. To some, this was interpreted as meaning that the state was to furnish at least 50% of the revenues necessary to finance the total expenditures of the various school districts in Illinois. All but nine states provide at least this 50% level of public education revenues. Legally however, in Nicholas Blase vs. State of Illinois, the Illinois Supreme court has determined that the constitution does not require the state to supply any set amount, or percentage, of revenues to Illinois' public school systems. Nonetheless, the State of Illinois did dramatically increase the appropriations for basic school support from 1970 to 1977. To give some idea just how substantial the change in state support has been, the Chicago Public Schools received $211.8 million in state aid in 1970; in 1984, the Board expects some $656.6 million from the state. Despite this, total state aid has only reached the 50% support level for the Chicago system a few times.

There was a second significant change in the new state constitution: the corporate personal property tax was to be abolished in 1978 -- eight years after the passage of the new constitution. During those years, a number of corporations ceased paying their corporate personal property tax. As the date for abolishing this unpopular tax came nearer, the number of corporations which have stopped paying this tax increased; the collection rate of this tax averaged

only 45% in its last several years. For the Chicago Public School system, this ever-increasing non-payment of corporate personal property taxes severely undercut its local tax revenues.

Thus, the major points of comparison in this study will be 1972 and 1978. The Board's local tax rate limits have not increased since 1972. The floating rate levies have increased as has the value of all property in the city which resulted in some increases in 1983 revenues. But for local revenues, the point of comparison is 1972 when the last tax increase took effect. For state revenues, the points of camparison are 1970 and 1978. 1970 is the year of the new state constitution embodying a new commitment to assume primary responsibility for education until 1978. From 1978 onwards, the state, while increasing slightly its dollars budgeted, has reduced the proportion of education costs it has borne.

I. THE BASIC STRUCTURE OF SCHOOL REVENUES

There are three major sources of revenues for the Chicago Public School system: locally generated revenues, state aid, and federal aid.

(1) Local Revenues for Schools are primarily generated out of property taxes. There are two types of property taxes levied by the Board of Education. Major revenues are derived from four funds whose tax rates are limited by the state. Five other tax funds have floating rates which are set yo meet specific sets of costs largely beyond the control of the Board. These specific use funds produced 17% of local tax revenues in 1972, but that figure increased to 27% in 1983. Some local revenues are received from lunchroom sales, building rentals, and interest on short term investments (tax receipts are invested for periods of a few days to five months and withdrawn as needed to meet monthly expenses).

(2) State revenues are the moneys received by the Chicago Board of Education from the State of Illinois, mainly in the form of basic aid to support general operations. In Illinois, the largest appropriation in the state budget is the Common School Fund. This fund, with total annual expenditures now over $1 billion, is distributed to the state's school districts on the basis of daily attendance, poverty levels, and special needs such as bilingual education. The state also reimburses the Board for special education programs provided in the Chicago Public Schools' under state mandates. Other state aid includes state support for the Teachers Pension Fund, Vocational Education, and Lunchroom operations.

State support for public education in Chicago covers a wide range of the Board's activities. It is important to note that the largest piece of state revenue is general distributive aid, which is used to support and maintain general operations. Most state aid is not earmarked for any special purposes. General distributive aid has sharply increased since the adoption of the new state constitution in 1970. Over the period covered by this study, state distributive aid to the Board has jumped from $189.6 million in 1970 to $520.3 million in 1983. Other school districts throughout the state have experienced similar increases. State support for public education in Chicago is crucially important. In three of the last four years, state revenues have provided more than 50% of the total resources available to the Board to carry out its responsibilities. However, state-wide, the state has recently provided only 38% of educational support. Chicago receives higher than average support due to its concentration of poor student who generate extra assistance.

(3) Federal revenues constitute a smaller, but nonetheless substantial, revenue source for the Chicago Public Schools. Federal revenues are primarily in the form of categorical grants and lunchroom subsides specifically aimed at serving the most disadvantaged students. In most cases, federal dollars are directly tied to specific programs such as compensatory education (in poverty impacted areas), special education for the handicapped, and vocational education. Federal money cannot be diverted to other programs or purposes. Furthermore, if these specific programs cease to exist, such federal money will no longer be available to the Board. The Board's standard procedure is to add programs as federal funds become available and to eliminate them when the funds are cut off. Only on rare occasions, as in the retention of hall security monitors when C.E.T.A. funds were terminated, has the Board applied Education Fund resources to maintain federally funded programs. In most cases, federal funds cannot be applied to existing local expenditures. Thus, federal funds cannot reduce the Board's deficits.

II. REVIEWING ACTUAL REVENUES

At first viewing, the Board of Education has enjoyed a steady and dramatic increase in revenues over the fifteen years studied. In 1970, the Board received $624 million in total operating revenues; in the present school year, revenues are anticipated to be over $1.5 billion. These figures represent dollars the Board received each year. They are the current dollar amounts on the checks the Board received from property taxes, the state, and the federal government.

All three sources of funds for the Chicago Public Schools increased. The upward swing of each is shown in Figure 1 which shows the current dollars the Board received in each of the fifteen years covered by this study. Total local revenues increased from $339.0 million to $483.9 million. State revenues shot up from $211.8 million to $679.2 million in the present year's budget. Federal revenues increased from $73.1 million in 1970 to $195.6 million in 1983. These rising revenue trends are not completely continuous, however. In particular, local revenues show jumps and drops over these years. Federal revenues also display some discontinuity. Total state revenues, in contrast, show a steady rise since 1970.

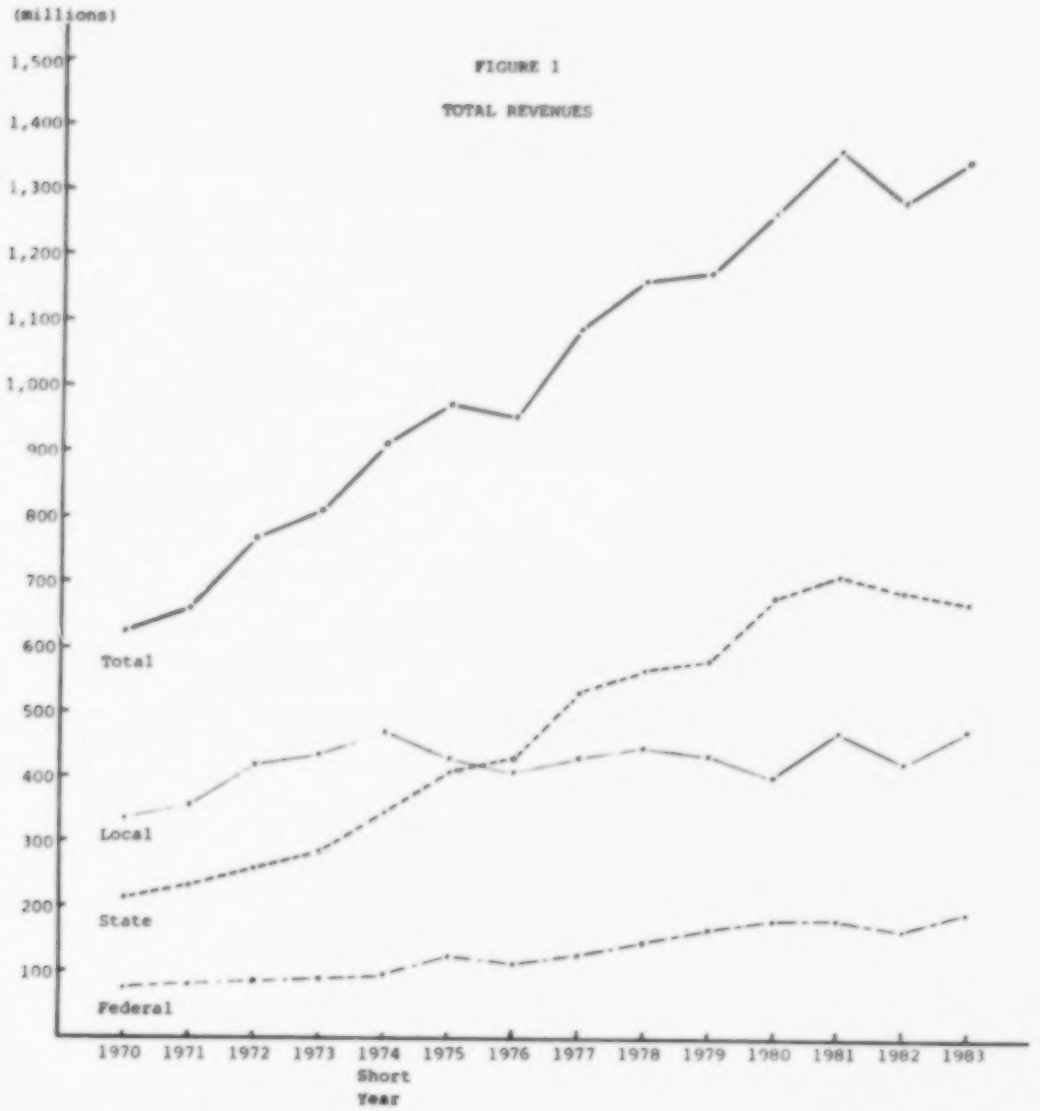


FIGURE 1

TOTAL REVENUES

The changes in the Board's revenues only become clear when one looks at a more detailed breakdown of local, state, and federal revenues. This is provided in Table 1a, which presents the revenues of the Board for each year since 1970, summarized by the major fund sources of local, state, and federal monies.

TABLE 1a: TOTAL LOCAL, STATE, AND FEDERAL REVENUES, CURRENT REVENUES

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
TOTAL LOCAL	339.0	351.8	424.0	437.4	310.1	435.5	406.9	429.2	446.2	437.0	400.4	470.3	426.8	542.4
TOTAL STATE	211.8	233.5	255.5	286.2	232.4	414.7	432.7	540.7	562.9	579.8	683.9	719.7	691.7	679.2
TOTAL FEDERAL	73.1	77.8	90.9	92.0	65.6	128.6	111.7	122.6	148.6	160.0	181.7	181.7	162.1	195.6
TOTAL REVENUES	623.8	663.1	770.3	817.6	608.1	978.9	951.3	1092.5	1160.7	1176.9	1266.0	1370.6	1280.6	1417.2

(1) Local: Tax levies are the most important source of locally generated revenues. This is especially clear in Table 1. In 1972, for instance, property taxes totalled $371.0 million or 88% of total local revenues; comparable figures for 1983 are $430.0 million out of $473.9 million, or 91%. This proportion is consistently maintained.

In comparison with state and federal revenues, local tax levy revenues have grown very slowly in Chicago. Since 1972, local tax revenues have increased only 12%, while state revenues have tripled and federal revenues have more than doubled. In 1982, local revenues had increased only $2.8 million.

More importantly, the limited rate levy revenues (for the Education, Building, Playground, and Textbook Funds) have hardly grown at all. Between 1972 and 1980, the year in which the financial crisis broke, total revenues generated by the limited rate levies fell sharply, from $308.1 million to $245.7 million; 1980 revenues were actually lower than in 1970, two years before the last tax increase! Only with the restoration of the full Education Fund tax rate for FY1983 have local revenues exceeded the 1972 levels. This full rate will not apply for the next year, under current legislation.

TABLE 1b: LOCAL REVENUES

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
LIMITED RATE LEVIES	272.3	278.9	308.1	339.8	223.7	313.1	279.9	290.1	282.8	297.8	245.7	297.0	251.5	346.5
FLOATING RATE LEVIES	43.4	54.5	62.9	72.0	66.5	94.9	108.1	118.2	130.5	99.5	119.2	123.5	129.7	152.0
OTHER REVENUES	23.3	18.4	53.0	30.6	19.9	27.5	22.9	31.0	36.0	39.7	35.5	49.8	45.7	43.9
TOTAL LOCAL	339.0	351.8	424.0	437.4	310.1	435.5	406.9	429.2	446.2	437.0	400.4	470.3	426.8	542.4

The 1972 rate increase enabled the Board to increase revenues in the limited rate levies by $35.8 million over 1970 (to $308.1 million). Another $26.7 million was added in 1973. Since then, the Board experienced a steady deterioration of these revenues. The reasons this drop occurred are numerous and complex and will be dealt with at length in the section on Local Revenues, but a few points should be stressed even at this point. First, the Equalized Assessed Value (EAV) of the City of Chicago actually decreased for a period during these years. Second, the Board was unable to actually bill taxpayers at the maximum rates permitted, because of a legal interpretation of restrictions involved in the tax collection system in Illinois. And lastly, through the course of the seventies, the corporate personal property tax was increasingly not paid by corporations in Chicago. The losses from uncollected taxes in this area were staggering, totalling over $450 million from 1969 to 1978. In 1979, the Corporate Personal Property tax expired, resulting in a greatly reduced Equalized Assessed Value, the base for property tax levies. At the same time, a state-wide corporate income tax surcharge was enacted to replace the lost revenues.

Revenues generated from the floating rate tax levies, in contrast, rose sharply. Indeed, between 1972 and 1983, these levies increased by 138%. In 1972, these revenues totalled $62.9 million; in 1983, they amounted to $149.4 million. The proportion of all revenues generated by the floating rate levies increased dramatically. In 1970, floating rate revenues were 17% of property tax revenues; by 1983, they represented 35%. A few of these floating levies are largely responsible for these changes. The Teachers Pension Fund levy increased 147% from 1972 to 1983 (from $17.7 million to $43.7 million). Bond redemption and interest also grew, from $30.5 million in 1970 to $38.9 million, but since 1977, has actually declined from a high of $60.6 million. The more recent reductions in interest and redemption costs reflect the inability of the Board, since the financial crisis of 1979-80, to sell further bonds. Two floating rate levies have been added since 1970 (P.B.C.: Operation/Maintenance and Workmens Compensation) which together produced $30 million in 1983.

Thus, total local revenues grew very slowly, primarily because the important limited rate levies actually generated fewer revenues until the city's EAV increased in recent years. The modest growth in local revenues experienced by the system was due to the sharp growth in the floating rate levies. The discontinuities in total local revenues were caused in part, by year to year changes in the floating rate levies. These changes were not always, nor necessarily, upwards because these revenues were directly tied to the financial requirements of these funds, which changed

continually. While the financial needs of these funds generally increased over this period, the amounts needed to finance these funds year to year grew and fell, which caused the jerkiness of the local revenues line in Figure 1.

(2) State: The increasing magnitude of state aid is very clear in Table 1. The dollars the state appropriated for the Chicago school system more than tripled over the past fifteen years. Total state aid increased from $211.8 million in 1970 to $679.2 million in 1983. The core of this growth is the continued expansion of basic distributive aid, up from $189.6 million in 1970 to a peak of $539.6 million in 1981. In the last two years Distributive Aid fell to $520.3 million. Special Education reimbursements and the Corporate Personal Property Replacement Tax have become significant elements in state revenues, with Distributive Aid consequently from falling 90% to 77% of all state aid. However, even with this addition, total state aid to Chicago schools fell in each of the last two years. This is an important finding: in the aftermath of the school system's crisis and near collapse, state aid has actually fallen. This shrinkage is slight (only about $20 million) but does reverse a long term trend.

Another important component of state aid is Special Education Funding. In this case, state aid acts like federal money -- it is categorical funding tied to specific programs. State aid for special education is actually reimbursement for programs the Chicago school system provides in these areas. State dollars show a remarkable increase from $16.5 million to $73.7 million, up 347%. Furthermore, the increase in state support of special education has been almost perfectly continuous, with only one drop in 1982.

In Table 1, the Corporate Personal Property Replacement Tax (CPPR) is included in state revenues. The CPPR is an income tax on profits of corporations and partnerships; it is collected by the state (as an additional income tax) and distributed proportionally to the individual districts on the basis of their 1977 Corporate Personal Property Tax receipts. The CPPR is, in other words, a state income tax that replaced a local property tax. It is neither clearly a state nor a local tax, but it is more similar to other state revenues, and is so reported in our tables. The CPPR is a modest source of revenue for the Chicago Public Schools. It is, however, currently a shrinking source of revenue. The CPPR peaked at $70.5 million in 1981 and has steadily declined to just over $56.9 million. While it is a relatively small source of revenue, inclusion of the CPPR with other state revenues masks the decline in state aid in the other funds, particularly in general distributive aid.

TABLE 1: REPORTED REVENUES, CHICAGO BOARD OF EDUCATION, 1970-1983, CURRENT DOLLARS (in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974 SHORT YEAR	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	225.0	217.5	238.8	253.2	177.5	248.3	228.0	214.1	214.1	237.0	186.2	222.4	181.2	202.3
Building Fund	31.7	46.9	50.0	61.4	31.4	50.8	33.7	47.9	49.8	44.1	43.2	54.6	50.9	56.8
Playground Fund	6.7	6.2	6.9	7.1	5.3	6.4	6.4	6.4	6.6	5.9	5.8	7.3	6.8	7.6
Textbook Fund	9.0	8.3	12.4	13.1	9.5	11.6	11.8	11.7	12.2	10.8	10.6	12.6	12.5	13.9
TOTAL LIMITED RATE LEVIES	272.3	278.9	308.1	334.8	223.7	313.1	279.9	280.1	282.8	297.8	245.7	297.0	251.5	280.6
FLOATING TAX RATE LEVIES														
Teacher's Pension	13.9	13.2	17.7	21.5	15.4	23.0	26.8	27.9	39.4	28.2	36.1	43.0	41.5	43.5
FEC/Oper-Mnte	0.0	0.0	0.9	3.2	4.2	3.5	4.7	8.3	9.6	11.0	5.3	11.0	14.4	16.0
FEC/Rent	6.1	14.5	13.8	15.3	14.8	22.4	20.9	21.3	21.2	15.4	23.8	21.0	20.8	7.8
Bond Redemption	23.4	26.8	30.5	32.0	32.0	46.0	51.7	60.6	60.3	40.9	51.3	42.5	39.8	38.9
Workmen's Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	2.8	6.0	13.1	13.5
Pension Pick-up	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.7
TOTAL FLOATING RATE LEVIES	43.4	54.5	62.9	72.0	66.5	94.9	108.1	118.2	130.5	99.5	119.2	123.5	129.7	149.4
TOTAL TAX LEVIES	315.7	333.4	371.0	406.8	290.2	408.0	384.0	398.2	413.2	397.3	364.9	420.5	381.1	430.0
Interest, Rent, Misc.	13.5	9.3	44.2	21.6	13.6	17.6	13.8	20.9	25.4	25.4	25.2	40.3	35.9	33.6
Lunchroom Sales	9.8	9.1	8.8	9.0	6.3	9.9	9.1	10.1	10.6	14.3	10.3	9.5	9.8	10.3
OTHER TOTAL	23.3	18.4	53.0	30.6	19.9	27.5	22.9	31.0	36.0	39.7	35.5	49.8	45.7	43.9
TOTAL LOCAL REVENUES	339.0	351.8	424.0	437.4	310.1	435.5	406.9	429.2	449.2	437.0	400.4	470.3	426.8	473.9
STATE REVENUES														
Distributive Fund	189.6	209.4	222.2	250.6	197.4	365.1	360.1	458.0	478.6	486.2	515.1	539.6	530.0	520.3
Special Education	16.5	17.0	24.9	26.6	27.7	39.5	50.9	54.1	56.7	66.2	72.9	71.2	73.6	73.7
Other	5.6	7.1	8.4	11.0	7.8	10.2	21.7	32.6	27.6	27.4	31.0	26.4	31.0	28.3
CPPR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	64.9	70.5	57.1	56.9
TOTAL STATE REVENUES	211.8	233.5	255.5	288.2	232.9	414.7	432.7	540.7	562.9	579.8	683.9	707.7	691.7	679.2
FEDERAL REVENUES														
ESEA	32.9	34.1	39.0	43.8	32.7	69.3	50.5	52.1	61.3	71.2	80.4	79.5	64.2	76.9
General and Categorical	18.1	19.5	20.0	16.6	12.1	16.6	25.2	26.4	39.6	40.3	46.6	48.7	39.5	51.2
Community Development	10.8	8.0	9.5	6.3	3.4	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lunchroom	11.3	16.2	22.4	25.7	17.5	38.7	36.0	44.1	47.7	46.2	54.7	58.5	58.4	67.5
TOTAL FEDERAL REVENUES	73.1	77.8	90.9	92.0	65.6	128.6	111.7	122.6	148.6	160.0	181.7	181.7	162.1	195.6
TOTAL OPERATING REVENUES	623.8	663.1	770.3	817.6	608.1	978.9	951.3	1092.5	1150.7	1178.9	1266.0	1359.6	1280.6	1348.7
TOTAL SALE OF BONDS	0.0	25.0	35.0	55.0	0.0	90.0	100.0	45.0	60.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUES	623.8	688.1	805.3	872.6	608.1	1068.9	1051.3	1137.5	1220.7	1178.9	1266.0	1359.6	1280.6	1348.7
TOTAL EXPENDITURES	675.0	718.7	779.5	834.1	587.6	1073.6	1070.0	1086.7	1190.1	1252.1	1319.7	1307.8	1449.6	1456.7

SOURCE: Chicago Board of Education Annual Financial Reports, 1970-1983

(3) Federal: Federal aid has moderately increased for the Chicago Public Schools. The level of support from year to year is quite volatile however. The causes for these yearly changes are easy to identify. The Model Cities program, reported on Table 1 as Community Development, has been eliminated. This program provided additional resources to the public schools in poverty areas in the late 1960s and early 1970s. It was sharply cut and then eliminated by the Nixon Administration.

The unevenness of federal dollars is evident even in areas of categorical aid. This covers two lines in Table 1: General and Categorical aid, and Elementary and Secondary Education Act (ESEA). These two items have increased over the fifteen years covered by this study -- from $51.0 million in 1970 to $128.1 million in 1983. However, both general aid and ESEA actually declined in several years during the past fifteen years. Between 1980 and 1982 under the Reagan Administration, these two categories of aid fell $23.3 million (18%). The only source of federal money that consistently grew was the lunchroom subsidy which supplies free or reduced cost meals to poorer students. These funds increased from $11.3 million at the beginning of this study to $67.5 million in 1983.

(4) Summary: The listing of dollars the Board received reveals several important findings. First, local revenues experienced very modest growth. In the limited tax rate levies, revenues actually fell during the 1970s. These problems in local revenues reflect the effects of no tax rate increases for over a decade and a reduced EAV tax base. Second, an impressive growth of state aid, primarily in basic distributive aid, is evident, but this aid has been declining recently. Federal aid, in contrast, grew more moderately and unevenly. Lastly, the review of current revenues shows a shift in the primary source of revenues for the Chicago Public Schools. At the beginning of our study, local revenues were the primary support for the schools. Since the 1974-1975 school year, the state has been the primary supporter of education in Chicago.

III. THE EFFECTS OF INFLATION: CONSTANT DOLLAR REVENUES

Inflation has plagued the American economy during the past fifteen years. Inflation is commonly measured by the Consumer Price Index (CPI)*. The CPI is calculated monthly by the federal government, for the nation as a whole, and for individual metropolitan areas. It is based on the costs of a range of commodities such as food, energy, housing, and the like. As the average costs of these items increase, the

*This report employs the metropolitan Chicago CPI for the first month of each fiscal year.

purchasing power of the dollar declines. For a public agency, such as the Chicago Public School system, the revenues received have a declining value. The cost of goods and services have tripled since 1970, which means that for each dollar the Board received in 1970, a comparable dollar today is worth only about 33 cents. A dollar only buys about one-third today of what it did in 1970.

The Consumer Price Index rose from 113.6 in 1970 to 296.0 in 1983, using the value of the dollar as a base. This means that if the Board of Education had purchased 30 books for a Third grade class for $100 in 1967, in 1970 those books would have cost $113.60, but by 1983 those 30 books would now cost $296.00! Thus, it is important to examine, in addition to how many dollars the Board received, what the purchasing power of those dollars is. This section of the report describes the declining purchasing power of the Board due to inflation.

TABLE 2a: REVENUES OF CHICAGO BOARD OF EDUCATION ADJUSTED FOR INFLATION (Constant Dollars)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
Consumer Price Index	113.6	119.1	122.1	126.4	138.7	149.0	159.6	167.5	178.5	193.8	221.3	250.1	276.9	294.0
LOCAL TOTAL	298.4	295.4	347.2	346.0	223.5	292.3	254.9	256.3	251.7	225.5	180.9	188.0	154.1	184.5
STATE TOTAL	186.4	196.1	209.3	228.0	167.6	275.3	271.1	322.8	315.3	299.2	309.0	283.0	249.8	231.0
FEDERAL TOTAL	64.3	65.3	74.4	72.8	47.3	83.6	70.0	73.2	83.2	82.6	82.1	72.6	58.5	66.5
TOTAL REVENUES	549.1	556.7	630.9	646.8	438.5	654.3	596.1	652.2	650.3	607.3	572.1	543.6	462.5	482.0

The effects of inflation are reported on Table 2. This table adjusts the current dollar revenues, reported on Table 1, for inflation. This was done by dividing the current dollar amounts reported on Table 1 by the Consumer Price Index, using 1967 as the base year. The Consumer Price Index is shown across the top of the table. Table 2a shows the Board's revenues in constant dollar figures.

The constant dollar table of the Chicago Public School revenues shows the dramatic consequences of inflation. The total operating revenues of the Board, in constant dollars, actually fell over the period covered by this study. In 1970, the Board of Education received $549.1 million in constant dollars, to operate the school system; by 1972, the constant dollar revenues had risen to $630.9 million and revenues stayed roughly even with inflation until 1978 when they peaked at $650.3 million in constant dollars. The Board's revenues steadily declined, in constant terms, between 1978 and 1983. Total operating revenues, in constant dollars, declined by 29%. The peak of constant dollar operating revenues occurred before the 1979 financial crisis; since then constant dollar revenues have fallen significantly, ending the period 27% below the 1972 levels and 16% below the pre-tax raise year of 1970!

All three revenue sources have declined, in constant dollar terms, in recent years. Total local revenues declined by 54% between 1972 and 1983. State revenues declined 28% from 1977. Both of these decreases in the Board's purchasing power have affected its financial stability. The federal decrease of 30%, between 1978 and 1982, reduced the capacity of the Board to serve its most disadvantaged students.

The effects of inflation are particularly striking when one looks at local property taxes. Local revenues, measured in the constant dollars, rose from $298.4 million in 1970 to $347.2 million in 1972. Since then, the decline of local constant dollar revenues has been nearly continuous, reaching a low point of $154.1 million in 1982, less than half the purchasing power of local revenues a decade earlier (1972).

TABLE 2b: LOCAL REVENUES ADJUSTED FOR THE EFFECTS OF INFLATION (Constant Dollars)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
Consumer Price Index	113.6	119.1	122.1	126.4	138.7 SHORT YEAR	149.0	159.6	167.5	173.5	193.8	221.3	250.1	276.9	294.0
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	→ 198.0	182.6	195.6	200.3	128.0	164.0	142.9	127.8	119.9	122.3	84.1	88.9	65.5	68.8 ←
Building Fund	27.9	39.4	41.0	48.6	22.6	34.1	21.1	28.6	27.9	22.8	13.5	21.8	18.4	19.3
Playground Fund	5.9	5.2	5.7	5.6	3.8	4.3	4.0	3.8	3.7	3.0	2.6	2.9	2.5	2.6
Textbook Fund	7.9	7.0	10.2	10.4	6.8	7.8	7.4	7.0	6.8	5.6	4.8	5.0	4.5	4.7
TOTAL LIMITED RATE LEVIES	239.7	234.2	252.3	264.9	161.3	210.1	175.4	167.2	158.4	153.7	111.0	118.7	90.3	95.4
FLOATING TAX RATE LEVIES														
Teacher's Pension	12.2	11.1	14.5	17.0	11.1	15.4	16.8	16.7	22.1	14.6	16.3	17.2	15.0	14.8
PEC/Oper-Main	0.0	0.0	0.7	2.5	3.0	2.4	3.0	5.0	5.4	5.7	2.4	4.4	5.2	5.4
PEC/Rent	5.4	12.2	11.3	12.1	10.7	15.0	13.1	12.7	11.9	8.0	10.7	8.4	7.5	2.7
Bond Redemption	20.6	22.5	25.0	25.3	23.1	30.9	32.4	36.2	33.8	21.1	23.2	17.0	14.4	13.2
Workmen's Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	1.3	2.4	4.7	4.6
Pension Pick-up	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.1
TOTAL FLOATING RATE LEVIES	38.2	45.8	51.5	57.0	47.9	63.7	65.2	70.5	73.1	51.3	53.9	49.4	46.8	50.8
TOTAL TAX LEVIES	277.9	279.9	303.8	321.8	209.2	273.8	240.6	237.8	231.5	205.0	164.9	168.1	137.6	146.3
Interest, Rent, Misc.	11.9	7.8	36.2	17.1	9.8	11.8	8.6	12.5	14.2	13.1	11.4	16.1	13.0	11.4
Lunchroom Sales	8.6	7.6	7.2	7.1	4.5	6.6	5.7	6.0	5.9	7.4	4.7	3.8	3.5	3.5
OTHER TOTAL	20.5	15.4	43.4	24.2	14.3	18.5	14.3	18.5	20.2	20.5	16.0	19.9	16.5	14.9
TOTAL LOCAL REVENUES	298.4	295.4	347.2	346.0	223.5	292.3	254.9	256.3	251.7	225.5	180.9	188.0	154.1	161.2

However, the trends for limited rate and floating rate levies are quite different. Constant dollar revenues generated from the limited rate levies have fallen dramatically. Total limited rate constant dollar revenues fell 64% from $252.3 million in 1972 to $90.8 million in 1982, before edging back up in 1983. However, the 1983 level was lower than the per-tax raise year of 1970. 1973 represents the peak in the constant dollar revenues received from the limited rate levies. Two further findings are important here. First, between the peak in 1973 and the crisis in 1980, the constant dollar revenues generated from the limited rate levies fell from $264.9 million to $111.0, a decline of 58%. Second, the Education Fund (highlighted

on Table 2 because of its importance to the system) declined 58% to $84.1 million during that same period. By 1982, the Education Fund revenues had deteriorated even further, to a low of $65.5 million in constant dollars, due to a combination of higher inflation and the $0.50 reduction in the Education Fund levy rate limit imposed as the price of the legislative rescue plan enacted in 1980.

In contrast, revenues coming from the floating rate levies first grew and then declined, when the effects of inflation are taken into account. Total floating rate revenues in constant dollars increased from $51.5 million in 1972 to $73.1 million in 1978, a 42% increase. Since then, the floating rate constant dollar revenues have declined to $50.8 million in 1983, which is slightly lower than in 1972. Between 1972 and 1983, total tax levies in constant dollars fell from $347.2 million to $161.2 million. This is a decline of 54%. Other locally generated revenues (interest, lunchroom sales, and miscellaneous) also fell in constant dollar terms.

Inflation adjusted revenues from the state were higher in 1983 than in 1970. Total state aid in constant dollars increased from $186.4 million to $322.8 million in 1977. This is a 73% increase during a period in which inflation increased moderately. Since 1977, total state aid has fallen 28% in constant terms. General Distributive Aid and Special Education revenues similarly peaked in 1977. Since then, Distributive Aid has fallen, in constant dollar terms, 35% from $271.0 million to $177.0 million. Special Education Funds have declined 22% over the same period.

TABLE 2c: STATE REVENUES ADJUSTED FOR INFLATION (Constant Dollars)
(in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
Consumer Price Index	113.6	119.1	122.1	126.4	138.7	149.0	159.6	167.5	178.5	193.8	221.3	250.1	276.9	294.0
STATE REVENUES														
Distributive Fund	166.9	175.9	182.0	178.2	142.3	285.0	225.6	271.0	268.1	250.9	232.8	215.7	191.4	177.0
Special Education	14.5	14.3	20.4	21.1	19.9	36.5	31.9	32.3	31.8	34.2	32.9	28.5	26.6	25.1
Other	4.9	5.9	6.9	8.7	5.3	6.8	13.6	19.5	15.5	14.1	14.0	10.6	11.2	9.6
CPTR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.3	28.2	20.6	19.4
TOTAL STATE REVENUES	186.4	196.1	209.3	228.0	167.6	278.3	271.1	322.8	315.3	299.2	309.0	283.0	249.8	231.3

The peak and subsequent decline in state aid highlights the importance of adjusting the data for inflation. On Table 1, state aid rose continuously in current dollar terms. But, looking only at the current dollar amounts gives a distorted picture. The costs of salaries, educational materials, and building maintenance have all risen sharply. The dollars the Board received from the state cover these costs less and less effectively. Therefore, while the Board actually received more from the

state each year, these increases have not kept pace with the rising costs of operating the system since 1977. The use of constant dollar revenues is a more accurate way of analyzing the Board's real resources.

TABLE 2d: STATE REVENUES, COMPARING CURRENT AND CONSTANT DOLLARS
(in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
TOTAL STATE AID (Current Dollars)	211.8	233.5	295.5	288.2	232.4	414.7	432.7	540.7	562.9	579.8	683.9	707.7	691.7	679.2
TOTAL STATE AID (Constant Dollars)	186.4	196.1	209.3	228.0	167.6	278.3	271.1	322.8	315.3	299.2	309.0	283.0	249.8	231.0

Federal revenues just kept pace with inflation over the course of this study. Total federal aid was $64.3 million in 1970 and grew to $82.6 million in 1979; since then, federal aid has fallen 20% in constant dollars. General and categorical aid increased slightly from $15.9 million in 1970 to $17.4 million in 1983, a 9% increase, but had been as high as $22.1 million in 1978. ESEA, in contrast, was slightly lower, changing from $28.9 million in 1970 to $26.2 in 1983, a 9% decline overall, but a 44% decline from its peak in 1975. Lunchroom funds showed the only significant change, jumping from $10.0 million in constant dollars to $23.0 million in 1983, a 130% increase coming mostly between 1970 and 1975.

TABLE 2e: FEDERAL REVENUES ADJUSTING FOR INFLATION (constant dollars)

FEDERAL REVENUES														
ESEA	28.9	28.6	31.9	34.4	23.6	46.5	31.6	31.1	34.3	36.8	36.3	29.8	23.2	26.2
General and Categorical	15.9	16.4	16.4	13.1	8.7	11.1	15.8	15.8	22.2	20.8	21.1	19.5	18.3	17.4
Community Development	9.5	6.7	7.8	5.0	2.5	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lunchroom	9.9	13.6	18.3	20.3	12.6	23.3	22.6	26.3	26.7	24.9	24.7	23.4	21.1	23.0
TOTAL FEDERAL REVENUES	64.3	65.3	74.8	72.8	47.3	83.6	70.0	73.2	83.2	82.6	82.1	72.6	58.5	66.5

Summary: A useful way to summarize our discussion of the effects of inflation on the Chicago school system is to examine the percent change in constant dollar revenues across the period we are reviewing (see Table 3). First, the 1972 property tax rate increase improved the board's revenues in constant dollar terms. However, since that point, the limited rate revenues have fallen significantly. Second, in the period leading up to the 1979-80 crisis, total local revenues fell 47.6%, while total state aid jumped 59.1% and federal revenues increased 10.3% in constant dollars. In other words, on the revenues side of the crisis, the decline of local revenues, and particularly of the limited rate revenues, was the major factor in the Board's deteriorating situation. Since the 1972 property tax rate increase, local revenues have deteriorated

seriously. Total local revenues have fallen by 53.6%, and limited rate revenues by 62.2% (from 1972 until 1983).

TABLE 3: PERCENT CHANGES IN LOCAL REVENUES
(Constant Dollars)

	1970 to 1972 (Tax Raise)	1972 to 1980 (Fiscal Crisis)	1972 to 1983
Limited Rate Levies	+5.3%	-56.0%	-62.2%
Floating Rate Levies	+34.8%	+4.7%	-1.4%
Other Local	+111.7%	-63.1%	-65.7%
Total Local	+16.4%	-47.9%	-53.6%

Third, since its peak in constant dollar revenues in 1977, state revenues in constant dollars have declined 28%. Fourth, since total constant dollar revenues peaked for the Board in 1978, each of the basic sources of the public school's resources, local, state, and federal, have fallen off. Local revenues have declined more than state or federal aid. Analyzing the net changes since the beginning of the study shows the seriousness of the Board's revenue situation. Local revenues have fallen off sharply, because of steep declines in the purchasing power of the limited rate property taxes, somewhat offset by increases in floating rate levies. State revenues have risen moderately, measured in constant dollars, and federal aid just kept ahead of inflation.

One last finding is very important. The fundamental structure of the school system's crisis can be clearly demonstrated. Expenditures have out-paced revenues. In the period leading up to the crisis (1970-1979), expenditures, in constant dollars, increased by 17.4%; meanwhile, total operating revenues grew by only 10.6%. Between 1970 and 1983, expenditures have declined, in constant dollars, by 9.9%, while revenues declined 12.1%. So long as this gap between revenues and expenditures continues, the Chicago School system will have persistent financial difficulties.

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
TOTAL REVENUES	549.1	577.7	659.6	690.4	438.5	714.7	658.7	679.1	683.9	607.3	572.1	543.6	462.5	458.7
TOTAL EXPENDITURES	550.2	603.4	638.4	659.9	425.6	720.5	670.4	648.8	666.7	646.1	586.4	522.8	523.5	496.5

IV. PER STUDENT EXPENDITURES, ADJUSTED FOR INFLATION

Enrollment has declined significantly in the Chicago Public Schools since 1970. Enrollment (measured by Average Daily Membership) has fallen by 136,000 students. This 24% decline in the number of students is particularly important in assessing the changes of levels of revenue. If revenues remain the same while enrollment falls, per student revenues increase. In current dollars, revenues increased from about $1,385 per student in 1970 to about $3,108 per student in the 1983. However, when these figures are adjusted for inflation, a different picture appears.

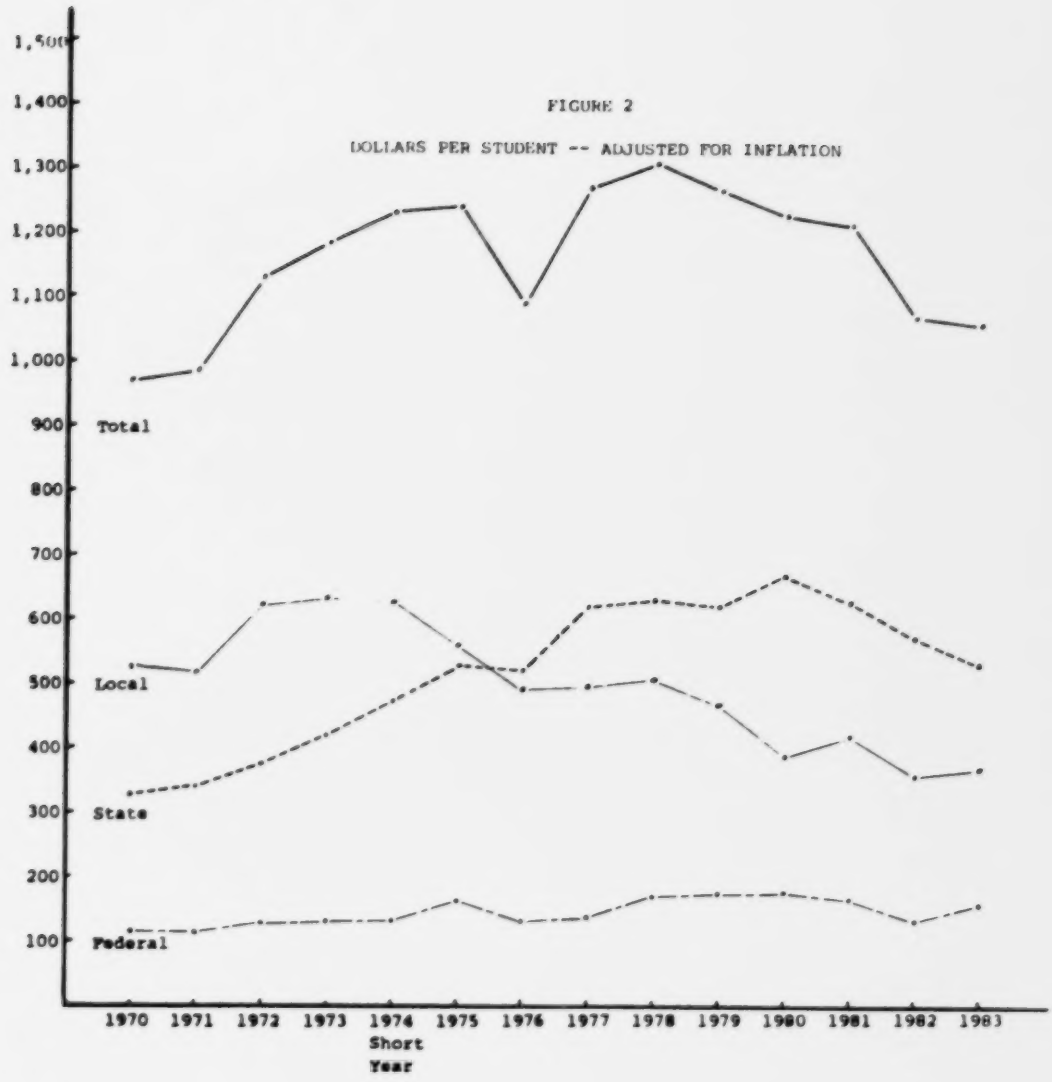
In 1970, the Chicago Board of Education received $966.00 in constant dollars per student (see Table 4a). In Fiscal Year 1983, the per student constant dollar revenues totalled some $1,057 about 7% less than 1972. However, per student constant dollar revenues peaked during 1978. At that time, the Board received $1,304 per student in constant dollars. Since that year, the Board's revenues, measured in this way, have fallen 19%. Per student expenditures follow similar patterns. At the beginning of the same period, constant dollar expenditures were $1,148 per student; in 1983, the comparable figure was $1,142 per student. Per student expenditures finished above per capita revenues.

TABLE No.: PER STUDENT REVENUES IN CONSTANT DOLLARS

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
LOCAL	$535	$521	$624	$633	$627	$554	$490	$500	$505	$468	$389	$419	$355	$371
STATE	329	396	376	417	470	528	521	630	632	621	664	630	575	532
FEDERAL	113	115	138	133	133	159	135	143	167	172	176	162	135	153
TOTAL	968	983	1135	1184	1231	1241	1146	1272	1304	1261	1229	1211	1065	1057

Figure 2 shows the revenues per student, adjusted for inflation, from local, state, and federal sources. Several important points are apparent in Figure 2. First, local revenues per student, in constant dollars, have fallen by 41% from $624 in 1972 to $371 in 1983. State support for Chicago Public School students, measured in the same terms, increased 62% between 1970 and 1983, from $329 to $532. Federal revenues per student increased modestly, from $113 in 1970 to $153 in 1983.

The graph also shows that, over the period, local and state revenues shifted roles as proportionate contributors to the Chicago Public School system. At the beginning of the period, local revenues generated the largest share of total dollars. By 1975, the state had become the largest contributor to the system; it has not relinquished this position since. The most important point, however, is that



per student revenues in constant dollars, peaked in 1978. This is true for both total revenues per student ($1,304) and basic state aid ($538) Since that year, both basic state aid and local per student revenues have fallen significantly in constant dollars: by 15% for the state and by 27% for local revenues. The initiation of the Corporate Personal Property Replacement Taxes counted in this study as state revenues, distorted the basic state pattern and created an anomalous peak in 1980 for total state revenues per student. Since 1980, total state support, including the CPPR, has dropped $132 per student, a decline of 20%.

In addition, it should be noted that federal dollars peaked in 1980, fell off for the next two years, and have recently begun to climb again. This recent climb is because Chicago Schools now are permitted to use the results of the 1980 census in their request to the federal government. In that census, Chicago had a larger proportion of poverty students and thus qualified for a larger share of federal aid. Overall, however, federal constant dollars per student were more stable than were local and state figures.

Table 4 presents per student revenues adjusted for inflation, disaggregating the local, state and federal revenues. Notice that state and total operating per student revenues, in constant dollars, peaked in 1978. This was the year before the financial crisis broke. Since then, the Board's revenue situation has deteriorated seriously. Both limited rate and floating rate levies are property taxes. Because the floating rates rise to meet required expenditures, the proportion of the Board's revenue contributed by each has changed. As seen in Table 4, limited rate levies decreased on a constant dollar per student basis; meanwhile, the floating levies increased. Limited rate levies accounted for $454 per student in constant dollars in 1972, but only $220 in 1983. In contrast, floating levies generated $93 per student in 1972 and $117 in 1983. Both peaked in the 1977-78 school year, and have fallen off since then, showing the effects of higher inflation.

State aid is primarily constituted by basic distributive aid appropriated from the Common School Fund. Table 4 shows clearly that changes in this very large distributive aid fund largely determine what the total state contribution for the schools will be. State aid was at $294 per student, in constant dollars, at the beginning of our study, and rose to $538 in 1978. Since then Distributive Aid, in constant dollars, has fallen $130 per student, a decline of 24%!

Federal revenues per student, unlike local or state resources, peaked in 1980. Federal dollars, fixed to specific programs that aid the most disadvantaged students, have tended to increase across the whole range of Federal programs. The decline since 1980, in constant dollars per student in federal revenues, is caused more by major budget cuts than by inflation. Recent increases reflect the fact that school districts are now permitted to use the results of the 1980 census, which shows Chicago to be poorer, with a higher proportion of disadvantaged students. Federal education appropriations are based on formulas that are sensitive to such measures and consequently, the Chicago system now receives more federal aid.

V. OVERVIEW SUMMARY

In this preliminary section, an overall picture of the revenues of the Chicago Board of Education has been provided. The apparent picture of higher revenues for fewer students turns out to be much more serious when inflation is taken into account.

Total current dollar operating revenues increased fairly steadily since 1972, decreasing only once (in 1976). Each level of government increased its support of the Chicago Public Schools. State support led the way by tripling during the fifteen years studied. Local revenue increases represent a combination of declining revenues from the four basic limited rate tax levies for operating expenses and dramatic increases in the revenues derived from the restricted use floating rate levies. The overall increase in local revenues occurs only in 1981 and in the last year studied, 1983. Federal revenues more than doubled during this period.

However, when inflation is taken into account, the picture is much more bleak. Total operating revenues, in constant dollars, were 27% lower in 1983 than in 1972. The decline was particularly noticeable in the limited rate funds which, by 1982 produced only about a third of the 1972 purchasing power. Increases in the floating rate levies were about equal to inflation. State and federal revenues increased more quickly than inflation.

However, looking only at the beginning and end of the period is also deceptive. In most years, revenues increased faster than inflation until 1977. Between 1977 and 1983, total revenues declined 30% in constant dollars. Due to increases in federal and local revenues, total revenue edged only slightly upwards in 1983. But, in some areas, the losses to inflation were enormous. Local revenues in 1983 were less than half those of 1972, in constant dollars. The decline was particularly noticeable in the limited rate funds which, by 1983, produced less than a third of their 1972 purchasing power. Increases in the floating rate levies were about equal to inflation overall, but lost 31% since 1978. Since 1978 state revenues have declined 27% in constant dollars. Federal revenues decreased 30% in constant dollars between 1978 and 1982, reducing the capacity of the Chicago Board of Education to serve its most disadvantaged students.

The picture remains bleak when the effects of inflation are correlated with declining enrollments. Chicago's schools have lost 136,000 students since 1970. Still, per student expenditures, in constant dollars, have fallen 19% since 1978. Local revenues per student fell 27% while state revenues fell 16% in constant dollars. Thus, the per student purchasing power of the Board has deteriorated significantly since 1978. This report makes no assessment of what level of support per student is adequate.

PART II - THE DECLINING SUPPORT OF LOCAL REVENUES

INTRODUCTION

Locally generated revenues come primarily out of the collection of local property taxes. Total property tax collections remained close to the 1972 level of $371.0 million for ten years before jumping to $430.0 million in the 1982-1983 school year. Adjusted for inflation, the collection of local property taxes contributed less and less to the operation of the Chicago Public Schools. In constant dollar terms, tax collections, which totalled $321.8 million in 1973, declined 55.9% to $146.3 million in the 1983 fiscal year. Other local revenues (primarily Interest, Lunch Sales, Rent, and miscellaneous income) doubled during the period studied, but declined in constant dollar figures.

TABLE 5a: LOCAL PROPERTY TAX REVENUES COMPARING CURRENT AND CONSTANT DOLLARS (in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
CURRENT DOLLARS	315.7	335.4	371.0	405.8	390.2	408.0	384.0	366.2	413.2	397.3	364.9	420.5	381.1	430.0
CONSTANT DOLLARS (Adjusted for Inflation)	277.0	279.9	303.8	321.8	259.2	273.8	240.6	231.8	231.5	205.0	164.9	168.1	137.6	146.3

These summary findings hardly tell the whole picture. Property tax levies for the Chicago Public Schools are not only numerous but fall into two types: limited and floating rate taxes. The revenue performance of these different types of taxes could not be more different. Table 5a reports local revenues in both current and constant dollars. Total revenues from the limited rate levies, in current dollars, were $56.5 million lower in 1982 (at $251.5 million) then in 1972, when they produced $308.1 million. The small increases in 1983 reflect a higher EAV and the restoration of the $2.11 rate in the Education Fund. In constant dollar terms, the revenues of these limited rate levies has declined sharply from $252.3 million to $95.4 million in 1983 (a 62% decrease).

Revenues from the floating rate levies, in constrast, grew steadily in current dollar terms. Total floating revenues were $62.9 million in 1972 and $149.1 million in 1983. This 138% increase, however only kept pace with inflation: in constant dollars the floating rate revenues totalled $51.5 million in 1972 dropping to $50.8 million in 1982-1983. Thus a significant shift took place in the proportion of local revenues derived from the limited rate tax levies.

A number of important trends are evident in the local property tax picture. One is the flat and actually erratic performance of the important limited rate revenues. Another is the increasing reliance upon floating tax levies. At the beginning of our study, floating rate revenues were only 17% of the total property tax revenues; in FY 1983, the

comparable figure was 32%. A third trend is the clear inability of the total property tax collections to keep up with inflation.

To find an explanation of these trends, it will be necessary to look closely at the process of levying property taxes in Illinois. Here we will focus upon three subjects: the equalized assessed valuation (EAV) of property in Chicago, the actual rates that appear on a taxpayer's bill (the extension rate), and the collection of taxes. Each of these is a "variable" that affects the actual amount of property taxes received by the Board. Thus, as one, two, or all of these change, the amount of property tax revenue changes also. As the equalized assessed value of property goes up, so too does the amount of property taxes collected. If the tax rate increases (which is particularly the case with the floating levies), then the property tax revenues generated will also rise. If more people actually pay their taxes (and do so on time), then the collection rate increases and the gross revenues brought in also rise.

II TAX LEVIES

The Chicago Board of Education is empowered to use nine permanent tax levies to collect property taxes. In addition, for the 1982-83 school year there was a "one time", or temporary, tax levy for the Board's contribution to the teacher's pension fund. This levy partially funded the "pension pick-up" (part of the employee compensation package first included in the 1981 contract) for that year.

A brief description of each of these nine levies will help present a complete view of the Board's property tax revenues.

LIMITED RATE LEVIES: There are four limited rate levies used by the Board. The maximum rates in these levies are limited. These rates cannot be exceeded without action by the State Legislature or a referendum approved by Chicago's voters. No such referendum has been submitted by the Board in the period covered by this study. Furthermore, before 1983 there had only been one tax rate increase (in 1972) in these limited funds. These limited tax rate levies are:

1) Education: The Education Fund tax levy is the largest and most important of the local tax levies. It is also the single largest item on a taxpayer's bill in Chicago. In 1972, the maximum rate was increased to $2.11/$100 EAV. In 1981, when the School Finance Authority was created, the limit for the Education Fund in Chicago was reduced by the state legislature to $1.61 per $100 EAV. This $0.50 reduction matched the anticipated levy

TABLE 5: LOCAL REVENUES (in millions)

CURRENT DOLLARS	FY1970	FY1971	FY1972	FY1973	FY1974 SHORT YEAR	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	225.0	217.5	238.8	253.2	177.5	204.3	228.0	214.1	214.1	237.0	186.2	222.4	191.2	202.3
Building Fund	31.7	46.9	50.0	61.4	31.4	50.8	33.7	47.9	49.5	44.1	43.2	54.6	50.9	56.3
Playground Fund	6.7	6.2	6.9	7.1	5.3	6.4	6.4	6.4	6.6	5.3	5.8	7.3	6.8	7.6
Textbook Fund	9.0	8.3	12.4	13.1	9.5	11.6	11.8	11.7	12.2	10.8	10.6	12.6	12.5	13.9
TOTAL LIMITED RATE LEVIES	272.3	278.9	308.1	334.8	223.7	313.1	279.9	280.1	282.3	297.3	245.7	297.0	251.5	280.8
FLOATING TAX RATE LEVIES														
Teacher's Pension	13.9	13.2	17.7	21.5	15.4	23.0	25.8	27.9	30.4	25.2	16.1	43.0	41.5	43.5
PEC/Oper-Main	0.0	0.0	0.9	3.2	4.2	3.5	4.7	8.1	9.6	11.0	5.3	11.0	14.4	16.0
PEC/Rent	6.1	14.5	13.8	15.3	14.8	22.4	20.9	21.3	21.2	15.4	23.8	21.0	20.8	7.8
Bond Redemption	23.4	26.8	30.5	32.0	32.0	46.0	51.7	60.6	60.3	40.9	51.3	42.5	39.9	38.9
Workmen's Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	2.8	6.3	13.1	13.5
Pension Pick-up	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.7
TOTAL FLOATING RATE LEVIES	43.4	54.5	62.9	72.0	66.5	94.9	108.1	118.2	130.5	93.5	119.2	123.5	129.7	149.4
TOTAL TAX LEVIES	315.7	333.4	371.0	406.8	290.2	408.0	384.0	398.2	413.2	397.3	364.9	420.5	381.1	430.0
Interest, Rent, Misc.	13.5	9.3	44.2	21.6	13.6	17.6	13.8	20.9	25.4	25.4	25.2	40.3	35.9	33.6
Lunchroom Sales	9.8	9.1	8.8	9.0	6.3	9.9	9.1	10.1	10.6	14.3	10.3	9.5	9.8	10.3
OTHER TOTAL	23.3	18.4	53.0	30.6	19.9	27.5	22.9	31.0	36.0	39.7	35.5	49.8	45.7	43.9
TOTAL LOCAL REVENUES	339.0	351.8	424.0	437.4	310.1	435.5	406.9	429.2	449.2	437.0	400.4	470.3	426.8	473.9

CONSTANT DOLLARS	FY1970	FY1971	FY1972	FY1973	FY1974 SHORT YEAR	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
Consumer Price Index	113.6	119.1	122.1	126.4	138.7	149.0	159.6	167.5	175.5	193.8	221.3	250.1	276.9	294.0
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	198.0	182.6	195.6	200.3	128.0	164.0	142.9	127.8	119.9	122.3	84.1	88.9	65.5	68.8
Building Fund	27.9	39.4	41.0	48.6	22.6	34.1	21.1	28.6	27.9	22.8	19.5	21.8	18.4	19.3
Playground Fund	5.9	5.2	5.7	5.6	3.8	4.3	4.0	3.8	3.7	3.0	2.6	2.9	2.5	2.6
Textbook Fund	7.9	7.0	10.2	10.4	6.8	7.8	7.4	7.0	6.9	5.6	4.8	5.0	4.5	4.7
TOTAL LIMITED RATE LEVIES	239.7	234.2	252.3	264.9	161.3	210.1	175.4	167.2	158.4	153.7	111.0	118.7	90.9	95.4
FLOATING TAX RATE LEVIES														
Teacher's Pension	12.2	11.1	14.5	17.0	11.1	15.4	16.8	16.7	22.1	14.6	16.3	17.2	15.0	14.8
PEC/Oper-Main	0.0	0.0	0.7	2.5	3.0	2.4	3.0	5.0	5.4	5.7	2.8	4.4	5.2	5.4
PEC/Rent	5.4	12.2	11.3	12.1	10.7	15.0	13.1	12.7	11.9	8.0	10.7	8.4	7.5	2.7
Bond Redemption	20.6	22.5	25.0	25.3	23.1	30.9	32.4	36.2	33.8	21.1	23.2	17.0	14.4	13.2
Workmen's Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	1.3	2.4	4.7	4.6
Pension Pick-up	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.1
TOTAL FLOATING RATE LEVIES	38.2	45.8	51.5	57.0	47.9	63.7	65.2	70.5	73.1	51.3	53.9	49.4	46.8	50.3
TOTAL TAX LEVIES	277.9	279.9	303.8	321.9	209.2	273.8	240.6	237.8	231.5	205.0	164.9	168.1	137.6	146.3
Interest, Rent, Misc.	11.9	7.8	36.2	17.1	9.8	11.8	8.6	12.5	14.2	13.1	11.4	16.1	13.0	11.4
Lunchroom Sales	8.6	7.6	7.2	7.1	4.5	6.6	5.7	6.0	5.9	7.4	4.7	3.8	3.5	3.5
OTHER TOTAL	20.5	15.4	43.4	24.2	14.3	18.3	14.3	18.5	20.2	20.5	16.0	19.9	16.5	14.9
TOTAL LOCAL REVENUES	298.4	295.4	347.2	346.0	223.5	292.3	254.9	256.3	251.7	225.5	180.3	188.0	154.1	161.2

requirement for the S.F.A. to underwrite the bonds it sold to pay off the Board's short term debt, provide interim working capital, and pay for the operations of the Authority. The S.F.A. has twice exceeded the $0.50 level. In 1983, the legislature restored the Education Fund limit to $2.11/$100 EAV. Thus, essentially, the levying power given to the School Finance Authority was deducted from the Board's Education Fund levy. The way this was done is quite complex and will be discussed below when the revenues of the Finance Authority are analyzed. The Education Fund is the Board's general operations fund. The Education Fund tax levy, then, supports the instruction of children in the schoolsand all other costs of the system, as required.

2). Building: The revenues generated out of the Building Fund rate levy support the maintenance of the buildings owned or rented by the Board. Revenues in this fund can be used for electricity, food, and contracted services for rehabilitation. Salaries cannot be paid out of this fund. These funds are earmarked; they can only be used for these specific purposes. The maximum rate at present in the Building Fund is $0.45/$100 EAV.

3). Playground: Chicago's Playground Fund is unique in Illinois. Revenues derived from this levy are used to provide after school activities on 59 playgrounds throughout the city, to support the system's six stadia, and to maintain playground facilities. It is an earmarked fund, the revenues of which can only be used to support these playground activities. The rate limit is now $0.06/$100 EAV.

4.) Textbooks: The free textbook fund is used, as the name implies, to provide textbooks (and other educational materials) to students. It too is earmarked. The maximum rate since 1972 has been .11/$100 EAV.

B). FLOATING RATE LEVIES: These property tax rates change from year to year. The rates in these funds are not limited or set by law. The actual rate for each of these levies, as will become clear in the descriptions to follow, are directly tied to the actual expenditures in these funds and are restricted to these purposes. The fiscal requirements of each fund (what the actual dollar expenditure will be) are determined each year, and then a property tax rate is set to yield revenues sufficient to cover these expenditures.

1). Teacher's Pension: The Teacher's Pension Fund, like all employee pension funds, requires annual revenues to cover the present and future costs of the system. In

Illinois, teachers pensions are supported through property tax revenues, state aid, and employee contributions. For the last three years, the Chicago Board of Education has agreed to pay 7/8ths of the employee contribution in lieu of higher wages. These payments come from the Education Fund. However the Board's (employer's) share comes from revenues in the teacher's pension levy. It changes from year to year to maintain a 7% share of teacher salaries. Over the course of this study this levy rate has risen from $0.09/$100 EAV to $0.35/$100 EAV in 1981.

2 & 3). Public Building Commission: The Public Building Commission was created by Mayor Daley as an independent public agency, empowered to construct buildings for other public agencies, and to sell bonds to cover their construction. It has constructed numerous schools for the Board, as well as buildings for the city, state and federal governments. The PBC leases these buildings on a long term basis, to the governmental agencies for which they were built. Generally, at the end of the lease, when the bonds have been paid off through the rent charged to the Board, the ownership of a building reverts to the city to be held in trust for the Board. The Board has supported these PBC building rents through individual levies for each school; these revenues are set to meet the costs of rent and operations of these schools. While the PBC levies are only reported on two lines on the taxpayer's bill they actually represent 17 levies added up into these two lines. These two lines are the summed rates for rent, and for operations and maintenance of all PBC buildings. Rent pays the cost of the leases from the PBC. Operations and maintenance pays the cost of maintaining these schools, which is equivalent to the costs of the rest of the buildings in the system maintained by the Building Fund except that salaries of maintenance workers are included in this levy. Both rates have increased over the course of our study.

4). Bond and Interest Redemption: The Bond Redemption fund covers the costs of the bonds the Board has sold. These bonds represent the Board's long term debt. Among this debt are the construction and rehabilitation building bonds sold in 1973-1978. These total $410 million (as can be seen in Table 1). The Bond Redemption levy was at $0.25/$100 in 1972 and rose to $0.51/$100 in 1979. With the Board's loss of access to the Bond market following the financial crisis in 1979-80, the rate has declined to $0.29/$100 in 1983.

5). Workman's Compensation: Like the teacher's pension, this levy specifically supports a benefit to the Board's employees. It was initiated in 1978 as a separate levy to cover these costs. This levy has increased from a penny per $100 (0.01/$100 EAV) in 1978 to thirteen and a half cents in 1981.

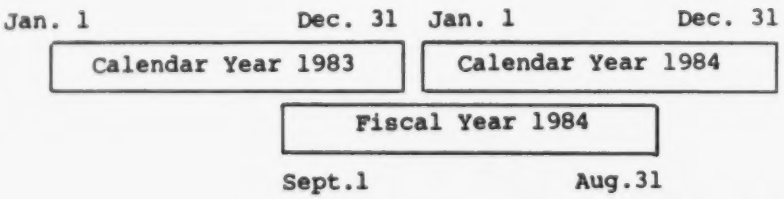
It must be stressed that the revenues in all of the floating rate levies are restricted in use. They can only be used for the specific fund for which they were collected, and expended in specific ways in these funds. These rates could not arbitrarily be set higher to produce revenues to offset projected budget deficits. In fact, nearly all of the Board's levies are so earmarked. The Education Fund levy is the only unrestricted fund, available for all general operating expenditures.

III. THE PROPERTY TAX SYSTEM

The Board does not directly bill taxpayers for the various property taxes it is empowered to receive to conduct its operations. Rather, the School Board, like other governments that receive property taxes in Cook County, relies on the county to collect these taxes. Specifically, the County Assessor determines the value of the property to be taxed; the County Clerk actually calculates and issues the property tax bills; and the County Treasurer collects the receipts and forwards the revenue to the local units of government (i.e., the Chicago Board of Education in this case).

In Illinois, the process of levying property taxes is very complex. A number of factors contribute to this. First, the Board and the County Treasurer's office now have different fiscal years. The Chicago school system has a fiscal year that begins September 1 and ends on August 31 of the following year. The present fiscal year, for instance, began on September 1, 1983 and will end on August 31, 1984. This is called the 1984 fiscal year. The County Treasurer's office, however, uses the calendar year as the fiscal year: from January 1 to December 31. The Treasurer's Office bills taxpayers twice yearly (in March and August) and collects taxes for the calendar year. The Treasurer's Office now collects taxes for eight months of one of the Board's fiscal years, and four months of the next. A clear understanding of this will be very important when we actually examine the receipts from tax rates for the limited rate levies. It is also crucial for understanding the <u>composite</u> rate that occurred in FY 1981 when the Education Fund was reduced as part of the fiscal crisis settlement. Figure 3 provides a visualization of these staggered fiscal years.

Figure 3



The Board changed its fiscal year to the present system in 1974 making that year a short, eight month, year. Some of the graphs have adjusted the 1974 data to account for this. Before 1974, the Board also had a calendar fiscal year and this problem did not exist.

Secondly, public authorities in Illinois, including the Board, receive property tax revenues one year late. Literally, all govenments in Illinois spend their property taxes a year before they actually receive these revenues. (This happened because of the postponement of one year's property taxes in the midst of the Great Depression of the 1930s.) Because of this years delay in receiving revenues, most governments in Illinois sell tax anticipation notes (or working cash bonds) that act as short term debt. These notes are sold on the bond market and each government, consequently, has to pay bond interest on their property tax revenues. The working case provided by the School Finance Authority in 1981 and 1982 solves this problem for the Board of Education. But this is not all. The Board must budget its revenues and expenditures <u>before</u> the fiscal year begins. In other words, it must anticipate its revenues for the next fiscal year, and yet will not actually receive these revenues until the year after that. This two year gap between setting the budget and receiving the revenues has had real and adverse consequences for the Board. The Board has actually lost a great deal of property tax revenue because of this system.

Third, the assessment of property for tax purposes is a twofold process. The County Assessor first determines the fair market value of the property. Cook County is divided into four quandrants. Each parcel of property in a quadrant is reassessed every fourth year. Properties in the Loop and the Near North lakefront, for instance, were just reassessed, showing dramatic increases in their current assessed value. The tax assessment of property is set on a percentage of the fair market value. Figure 4 shows the various categories of property recognized by the Assessor's office and the corresponding tax assessment level. Notice that single family and small unit residences are generally assessed at 16% of their market value, while commercial businesses are at 40%. Residential buildings represent the largest number of taxpaying properties; vacant land, and businesses are far fewer in number. This part of the assessment process is straightforward.

The second piece - the use of a multiplier - is less straight forward. In Illinois, in order that property is equitably taxed throughout the state at 33% of its market value, each county is assigned an individual multiplier by the Illinois Department of Revenues. For each county, an average assessment rate is calculated. This is, in Cook

FIGURE 4: COOK COUNTY PROPERTY ASSESSMENTS
BY CLASS OF PROPERTY

	Per Cent Assessment of Fair Market Value
1. Vacant Land	22%
2. Single family residences, Apartment Buildings of less than six units	16%
3. Apartment Buildings of seven units and more	33%
4. Real estate owned by not-for-profit corporations	30%
5. Commercial and Industrial Real Estate	40%
6. Industrial and Commercial property with substantial rehabilitation in last 13 years	16%

County, a weighted average taking into account the type of property, its assessment rate, and the proportion of the total each type of property represents. Most of Chicago's assessed property is in the residential building category assessed at 16%. There are far fewer businesses that are assessed at 40%; these represent a much smaller share of all tax properties. The Assessor, therefore, counts residential buildings much more heavily than businesses. As a result, in Chicago the total average assessment rate is normally about 20% of true market value. Therefore, to bring the average tax assessments up to the 33% level required by state law, a multiplier factor is needed.

The equalization comes about in this manner. To make sure that properties in each county throughout the state are equally assessed at 33% of their market value, each county is assigned a multiplier that equalizes the assessment throughout the state at this level. This multiplier can, and frequently does, change from year to year. If Cook County's average assessment was at 20%, a multiplier of 1.65 would be required to equalize assessed value at 33% (0.20 x 1.65 = 0.33). In Cook County, the 1982 multiplier was 1.9288 which indicates that the average assessment was at just over 17% of market value (0.171 X 1.9288 = 0.33). Research on some properties indicates that "market value" is about 50% of selling prices in neighborhoods.

Individual parcels of property are, then, assessed every four years. For each year's property taxes, the assessment is compounded by the multiplier to determine the

equalized assessed value (EAV). The equalized assessed value changes from two causes: change in actual assessment (i.e., a change in the fair market value) and change in the multiplier. The total EAV of the City of Chicago has, as we will see, changed regularly. The trend in this pattern has generally been up, but in several years covered by this study, the EAV actually fell.

Fourth, the County Clerk's office actually calculates and sends out the property tax bills. From the perspective of the taxpayer, what the County Clerk does is straightforward and simple. The EAV of a property is multiplied by the total rates of the tax levies for each government levying taxes on that property. To be specific, all of the tax levies the Board requests the County Clerk to bill, or extend, are totalled and then multiplied against the EAV. In 1982, for instance, the Board's total levy was $3.8261/$100 EAV. For a single family home assessed at $50,000, the EAV was $15,440, and the tax bill with no exemptions for the Board of Education was $590.75. The Clerk's office actually bills the taxpayer in two installments. The first bill is issued in March and is calculated as one-half of the previous year's tax bill; the second bill is sent out in August (after the new EAV is determined by the Assessor's office) and is calculated by determining the total tax bill for the present year and subtracting the first payment from this total.

FIGURE 5: CALCULATING A TAX BILL

Property Assessed Value	@ 16%		Multiplier		EAV		Tax Rate		Tax Bill	Probable Selling Price
$50,000	$8,000	X	1.9288	=	$15,440	X	$3.826	=	590.75	$100,000

There is one further factor which affects the Board's revenues from property taxes. From 1979 onwards, two exemptions were granted to property taxpayers: a senior citizen's homestead exemption and a homeowner's exemption. From 1980 to 1982, the homeowner's exemption was $3,000 off the Equalized Assessed Value. For 1983, the exemption has been increased to $3,500. However, instead of reducing the total EAV by the sum of these deductions, the tax on the deduction is subtracted from the individual's tax bill after the total levy has been figured. For the average homeowner, not a senior citizen, this amounted to between 22% and 25% of the total taxes. It will be higher in 1983. This means the loss of revenues for the Board of Education may be between 20% and 50% for the qualified taxpayers.

The relationship between the Board and the County Clerk is somewhat more complex than that between the County Clerk and the taxpayer. The Board makes a request to the Clerk to extend the tax levies. This is done through a Controller's Certificate. On this certificate, the Board determines its total tax rate (the total of the limited and floating rate levies) and multiplies it by the total EAV. On the Controller's Certificate the Board requests the calculated <u>total dollar amount</u> to be extended by the Clerk. By law the Clerk's office can only accept a dollar amount request. This Controller's Certificate total dollar request is the maximum property tax levy the Board can collect. The fact that this is both a dollar request and also the maximum allowed is important when we look at tax collections for the Board in the 1970s. At that time, because taxes are actually extended in the year after the revenues are actually spent, the Board was unable to extend the limited tax levies at the maximum rates allowed by law. This happened because the Board was only permitted to make its controller's certificate request on the basis of "the latest known EAV." If the EAV increased from one year to the next, then the Board's dollar request was actually lower than the maximum allowable rate. The Board did not make its controller's certificate on the basis of an estimate of what the EAV would be at the time when the levies were actually extended. The Clerk's office would divide the new (and usually larger) EAV by the dollar request on the controller's certificate and determine a rate to be extended (billed) to the taxpayers which would produce the requested dollar amount. If the EAV grew, then the rates would actually be lower than the legal limit. But what if the EAV declined? Could the Board then have its levies extended on the basis of the old EAV, which would generate higher revenues? The answer is no. The County Clerk has the legal responsibility to make sure that no limited rate levy is exceeded. In the years in which the EAV did decline, the new EAV was multiplied by the maximum permissible rate, producing fewer dollars than those requested.

IV. PROPERTY TAX LEVIES

As already noted, property tax revenues for the School Board are determined by three factors. These are the tax rate (as it is extended by the Clerk's office), the changing value of the Chicago EAV, and the actual collection of property tax revenues. The extended tax rates and the EAV for property taxed by the Chicago Public Schools is provided on Table 5.

There are three major tax rate changes shown in Table 6. Two of these affect the limited rate tax levies. First, in 1972 the Board of Education received the only new rate

TABLE 6: PUBLIC SCHOOL TAX LEVIES

Tax Year	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Assessed Value	8,002,129	7,970,098	8,289,470	8,286,385	8,479,974	8,506,569	8,444,318	8,879,452	9,058,196	9,019,177	6,547,070	6,940,529	7,118,242	7,336,049
Multiplier	1.5200	1.5900	1.5900	1.5900	1.4813	1.4453	1.4483	1.4153	1.4153	1.4966	1.6016	1.7432	1.8548	1.9288
Equalized Assessed Value (in millions)	12,163,236	12,672,456	13,180,257	13,175,352	12,561,386	12,294,544	12,229,906	12,567,089	12,820,065	13,498,101	10,485,787	12,098,730	13,202,915	14,149,772
FIXED RATE TAX LEVIES														
Education	1.8704	1.9296	2.0287	2.1100	2.2175	2.1100	2.1098	2.0605	2.0312	2.0039	1.9665	1.9427	1.6100	2.1099
Building	0.2554	0.2714	0.4221	0.4452	0.4528	0.4218	0.3574	0.3872	0.4332	0.4274	0.4194	0.4499	0.4500	0.4500
Textbook	0.0466	0.0768	0.0769	0.1100	0.0759	0.1100	0.1100	0.1074	0.1059	0.1045	0.1025	0.1100	0.1100	0.1100
Playground	0.0419	0.0576	0.0577	0.0600	0.0629	0.0600	0.0600	0.0586	0.0578	0.0570	0.0559	0.0600	0.0600	0.0600
TOTAL FIXED EXTENSIONS	2.2143	2.3354	2.5854	2.7252	2.8091	2.7018	2.6372	2.6137	2.6280	2.5927	2.5444	2.5625	2.2300	2.7299
FLOATING TAX LEVIES														
Teacher's Pension	0.0857	0.1192	0.1218	0.1558	0.1908	0.2020	0.2185	0.2341	0.3164	0.2842	0.2979	0.3403	0.3504	0.3150
Workmen's Comp	—	—	—	—	—	—	—	—	—	0.0119	0.0381	0.0318	0.1358	0.1001
PEC/Oper-Main	—	—	0.0013	0.0077	0.0298	0.0395	0.0332	0.0436	0.0746	0.0818	0.1090	0.0706	0.2222	0.1194
PEC/Rental	0.0065	0.0525	0.1255	0.1238	0.1339	0.1767	0.1718	0.1939	0.1911	0.1802	0.1536	0.2082	0.1673	0.0572
Bond Redemption	0.2260	0.2006	0.2456	0.2621	0.2803	0.3506	0.4480	0.4680	0.4872	0.5129	0.4855	0.3836	0.3388	0.2910
Pension Pickup	—	—	—	—	—	—	—	—	—	—	—	—	—	0.2134
Others	0.0001	0.0013	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	—	—	—	—	—
TOTAL FLOATING EXTENSIONS	0.3183	0.3735	0.4944	0.5494	0.6349	0.7688	0.8714	0.9395	1.0694	1.0711	1.0840	1.0344	1.2145	1.0962
SCHOOL BOARD TOTAL	2.5326	2.7089	3.0798	3.2747	3.4440	3.4707	3.5087	3.5532	3.6975	3.6638	3.6284	3.5970	3.4445	3.8261
SCHOOL FINANCE AUTHORITY	—	—	—	—	—	—	—	—	—	—	—	0.5650	0.5070	0.3710
WITH FINANCE AUTHORITY	2.5326	2.7089	3.0798	3.2747	3.4440	3.4707	3.5087	3.5532	3.6975	3.6638	3.6284	4.1620	3.9515	4.1971

increase in the period covered by this report. This is highlighted on the table. Compared to 1969, this accounts for a cumulative rate increase of $0.51/$100 EAV, a significant increase. These rate increases account for $36 million, the increase in current dollar tax revenues in the limited funds for FY 1972 over FY 1970 noted in Table 5a. Secondly, the tax rate in the limited funds actually decreased in 1981 and 1982. This reduction occurred in the Education Fund. The Education Fund has the highest tax rate limit ($2.11/$100 EAV). The decrease occurred to accommodate the establishment of the School Finance Authority which was granted a comparable levy in order to finance bonds to 1) pay off the Board's accumulated short-term debt, 2) provide the additional $450 million in working cash the Board needed to operate in the 1980-1981 and 1981-1982 school years, and 3) provide operating funds for the Authority. The levy extended for the School Finance Authority was $0.565/$100 EAV in 1981, $0.507/$100 EAV in 1982, and .371/$100 EAV in 1983. The Education Fund tax rate was reduced, for those years, in a very complex fashion. The Education Fund rate in 1981 is actually a "composite" rate. In this composite rate year, discussed in greater detail below, taxpayers were really charged for eight months at 2.11/$100 EAV, and for four months at $1.61/$100 EAV, which together comprised a composite rate of $1.94/$100 EAV. They were also billed at $0.565/$100 EAV for the School Finance Authority. In 1982, the Education Fund rate was calculated at $1.61/$100 EAV for the entire year, with the Finance Authority receiving $0.507/$100 EAV for that year. The Board's full tax rate in the Education Fund was restored in 1983. However, the accountants for the School Finance Authority contend that the legislation which restored the full rate applies for only part of the 1984 year.

A third major change which is evident in Table 6, involves the floating rates. In the aggregate, these rates increased from $0.49¢/$100 EAV in 1972 to $1.21/$100 EAV in 1982. The total floating tax rate has fallen off slightly since 1982. This 245% increase accounts for the sharp growth in floating tax rate revenues. This increase has permitted floating rate revenues to stay close to the rate of inflation, though producing in constant dollars, slightly less in FY 1983 than in FY 1972 (see Table 5). But because the limited tax rates increased only once (and, the Education Fund rate was reduced and then restored) the Board's overall property tax rate grew only 24% from $3.08/$100 EAV in 1972 to 3.83/$100 EAV in 1983. This rate increase clearly did not keep pace with inflation, which nearly tripled during the period studied.

The consequences of the way in which taxes are actually extended in Cook County are especially clear in Table 6. Remember that the maximum rate permitted by law for the four limited rate levies are currently: Education ($2.11) Building ($0.45), Textbook ($0.11) and Playground ($0.06). Between 1976 and 1980, the Board submited controller's certificates based on the latest known EAV; thus, they consistently requested tax levies that were lower than full rate extensions on the actual EAV would have produced. Because the EAV was growing in this period, the final levies were significantly below the maximum limited rate limit permitted.

The importance of this problem can hardly be overemphasized. Despite steady growth in the total EAV, the limited rate levies between 1976 and 1979 were simply not bringing in all the possible additional revenues. This is particularly striking in the Education Fund. Tax revenues in the Education Fund declined from a peak of $253.2 million in FY 1973 to $214.7 million in FY 1977. These revenues plummeted to $186.2 million in FY 1980, but much of this decrease is attributable to larger losses from uncollectable taxes (see below). The Building Fund similarly peaked in 1973, following the rate increase, at $61.4 million, then fell to $44.1 in 1979. Overall, the limited rate levies fell from the $334.8 million, received as a result of the rate increase in 1972, to $245.7 million in FY 1980. This is a 27% decline in <u>current</u> dollar revenues from the limited rate tax levies. This deterioration of the Board's property tax revenues is largely the result of the tax extension problem, i.e., the inability to extend levies at the maximum legal limit, complicated by the non-collection of taxes as discussed below. This decline in the limited rate revenues occurred in a period during which inflation shot up 59%. The combined effect of decreasing current revenues and increasing inflation meant that the revenues from these large and important limited rate levies were halved, in constant dollar terms, from their peak of $264.9 million in fiscal 1973 to $111.0 million in fiscal 1980.

Local tax revenues deteriorated in the property taxes billed and collected in FY 1980. The decrease occurred primarily in the Education Fund. Overall, current tax revenues fell from $397.3 million to $364.9 million in 1980; thus, increases in several of the floating rates offset some of the Education Fund decline. The cause for this decline was outside the control of the Board. In the taxes collected for 1980 the total EAV decreased sharply from $13.5 billion to $10.5 billion. This occurred because of the elimination of the Corporate Personal Property tax. This tax was abolished by a provision in the 1970 Illinois State Constitution which took effect in 1979. With the elimination of this tax, the assessed value of corporate

personal property was dropped from the total property assessment. Personal property was no longer assessed, and could not be counted in the total tax base for public agencies levying property taxes.

Thus, a major determinant of the Board's tax collection was a change in the Chicago EAV. Data on Chicago's Equalized Assessed Value, the Board's tax base, is provided in Table 6. In addition to the actual, total, property assessment for Chicago, the table shows the factor used to multiply, county-wide, the assessment to bring it up to the 33% level required by law, and the resulting EAV. There are a number of important items in this table. First, the actual assessed value of property was significantly lower in 1982 than at the beginning of this study. From a peak of $9.058 billion in 1977, real assessments, despite aggressive reassessment by the Cook County Assessor's office, totaled only $7.3 billion in 1982. The low point, as might be expected, was reached in 1979 when corporate personal property (CPP) was eliminated from the total assessment. The size of the drop resulting from eliminating the CPP is huge, nearly $2.5 billion. Since that time, reassessment has increased the total tax base (up $789 million), but this has not nearly reached the levels preceeding the loss of the corporate personal property assessment. Looking closely at the changes in the total real assessment, it is clear that there has been serious change in the calculation of property values in Chicago, and all of Illinois. Property, and therefore assessment, values have increased in the Loop and north lakefront, but the overall value of the property base for the school system was severely reduced by eliminating personal property from the assessment process. A replacement tax was enacted to partially offset the revenues lost due to this change (see below). This is a point that should be kept in mind when the revenue options of the Board are discussed.

However, it can be seen clearly in Table 6 that the total EAV taxed by the School Board has, nevertheless increased somewhat. This is the result of changes in the multiplier. Cook County's multiplier has increased from 1.59 for 1971 (FY 1972) to 1.9288 for 1982. In fact, the recovery of the EAV after the sharp drop off following the elimination of corporate personal property in 1979, is more the result of sharp increases in the multiplier than reassessment. The multiplier was dropping throughout the 1970s, from 1.59 to 1.4153 in 1977, but has sharply increased since 1978.

Tax Year	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Multiplier	1.5300	1.5900	1.5900	1.5900	1.4913	1.4453	1.4483	1.4153	1.4153	1.4356	1.6016	1.7452	1.9288

Some sources suggest that some of the drops in the multiplier were politically motivated, which further explains a striking peculiarity in Table 6. In 1973, the Board exceeded its tax rate limits. In that year, it is reported that Governer Walker's administration lowered the multipliers throughout the state after the levies had been extended. The state legislature then passed special legislation to permit all limited rate jurisdictions in the state to extend their levies on the basis of the original dollar extension (and original EAV). As a result it appears that the Board exceeded its legal limits on its limited rate levies. In actuality, the legal limits were changed for that year.

We have seen how the actual process of extending a tax levy, and changes in the EAV, affected property tax revenues for the School Board. One last factor, which had a particularly adverse effect on the Board's tax revenues, is the rate of property tax collections. When the County Clerk actually extends a levy and bills taxpayers, the revenues are collected by the County Treasurer. The Treasurer never expects to collect all the taxes due. Some property owners simply do not pay their taxes, and some pay late. The School Board, and all tax collecting agencies, account for this by including a "loss and cost" factor into their estimations of tax revenues.

In the period covered by this study, the Board experienced a serious collection problem. This is shown in Table 7. This table shows the amounts of the tax levy extensions billed by the Clerk's Office and the amounts actually collected by the Treasurer's Office. Reported here are the separate types of property on which the levies were extended. Two are important: real estate and corporate personal property. Real estate property taxes are collected at a very high level, typically higher than 95%. Clearly, this has been the case for the period we are examining. The problem was in collecting the corporate personal property tax. Here the losses to the School Board are staggering. Collections steadily deteriorated, dropping below 50% in each of the last three years. Simply put, large numbers of corporations in Chicago were not paying their personal property taxes. From 1970 onwards, the total loss to the public school system was almost a half billion dollars ($469 million).

However, in its estimates of revenues, the Board was reluctant, in the early 1970s, to deal with these heavy losses. Specifically, the Board refused to recognize these revenues as uncollectable. In several financial reports, the Board acknowledged overestimating of the year's tax receipts. This again brings us to the already noted peculiarity of the Illinois tax system - a public agency

recognizes and spends as revenue what it actually collects the following year. The Board estimated what the next year's collection would be, but grossly underestimated its collection losses (the amount it would not collect). In fiscal years 1971-1975, the Board significantly overestimated these revenues. In the early seventies, the revenue overestimations were very high. The overestimations were $36.0 million in fiscal 1971, and $21.0 million in 1972. The small overestimations after that time were largely the result of changes in the multiplier that the Board could not have anticipated or corporate non-payment of taxes. After fiscal 1974, the Board recognized much higher loss and cost figures, which actually rose as high as 19% in 1979.

TABLE 7: OVERESTIMATIONS OF PROPERTY TAX LEVIES (in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979
TOTAL TAX LEVIES	315.7	369.4	392.0	397.8	252.6	411.5	370.1	408.7	402.7	397.2
(OVER) UNDER ESTIMATES	0.0	(36.0)	(21.0)	9.0	37.6	(3.5)	13.9	(10.5)	10.5	0.0
ADJUSTED TOTAL LEVIES	315.7	333.4	371.0	406.8	290.2	408.0	384.0	398.2	413.2	397.2

V. OTHER LOCAL REVENUES

Other sources of locally generated revenue include interest from short term investments, rental payments paid by lessors of Board property, lunchroom sales, and miscellaneous income from gifts and the closure of bank and other financial accounts. Together, these sources of local revenues have shown some growth. Individually, they frequently show erratic changes from year to year. Lunchroom sales show the flatest trend increasing from $8.8 million in 1972 to a peak of $14.3 million in 1979, but dropping to $10.3 million in 1983. Revenue from interest has demonstrated the largest growth among these miscellaneous local revenues. Interest from investments has increased from $5.7 million in 1972 to $38.1 million in the 1980-1981 school year. This figure has been cut in half in the last two years, to $19.8 million. The Board was able to use the large influx of cash from the School Finance Authority in fiscal years 1981 and 1982 to make short term investments and bring in significant levels of interest income. Lastly, rent and other miscellaneous income has brought in widely varying revenues from year to year over the period covered by this study.

TABLE 8: OTHER LOCAL REVENUES (in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
Interest, Rent, Misc.	13.5	9.3	44.2	21.6	13.6	17.6	13.8	20.9	25.4	25.4	25.2	40.3	35.9	33.6
Lunchroom Sales	9.8	9.1	8.8	9.0	6.3	9.9	9.1	10.1	10.6	14.3	10.3	9.5	9.8	10.3
OTHER TOTAL	23.3	18.4	53.0	30.6	19.9	27.5	22.9	31.0	36.0	39.7	35.5	49.8	45.7	43.9

VI. ONE TIME REVENUES

Since the crisis in 1979-80, the Board has used a series of one time gimmicks to acquire additional revenues. While the amounts of revenues generated in this fashion are small, in comparison to the entire fiscal needs of the system, these one time infusions demonstrate the Board's continuing difficulties in balancing its annual budget. In fact, the need to constantly rely on one time infusions of revenue is evidence that the revenues of the Board, even since the sharp cutbacks in 1980, are inadequate to support the expenditure levels of the Chicago Public School system.

One place where the Board has found revenues is through the sale of capital assets. The largest of these was the sale of Midway Airport in 1982 to the city. This produced $16.5 million. The School Finance Authority insisted that this $16.5 million, indeed all proceeds from capital sales, could not be applied against operating costs. The revenues from capital assets sales can only be used for capital expenditures of the Board. Such revenues, however, permit the release of funds that would otherwise be applied against capital expenditures, (e.g., funds for building renovation and rehabilitation) to be used in the operating budget. In the current fiscal year, 1983-1984, the Board again liquidated a number of properties to bring in one time revenues. For fiscal 1984, this total is projected to approach $6 million.

The Board has also acquired access to a share of the city's Community Development Grant (CDBG) funds, and some other federal monies that go to the city as well. This has happened twice, in fiscal 1983, and the present school year. CDBG funds are provided annually to the city from the federal government as part of revenue sharing. Use of these revenues (which now total more than $100 million yearly) is left largely to the city. There are general guidelines that most of the CDBG funds be used in low and moderate income areas, and that a significant portion of CDBG monies must be used for housing programs. Beyond that, CDBG funds are highly discretionary. The city can choose, in its application for funds, to provide the schools with some of these funds. In order to open the schools in the fall of 1982, Mayor Byrne diverted to the Board $21 million already committed to other neighborhood projects. Actually, about $16 million was CDBG funds, $4 million was to come from a Community Services Block Grant (but was never received), and the rest was taken from miscellaneous funds. These CDBG funds had already been allocated (but not spent) for neighborhood economic development. These monies were simply reallocated by fiat of the mayor and provided to the Board. (The federal government later declared this reallocation was improper.) In the present school year, the schools were

allocated $10 million in the CDBG application. This year's share of CDBG funds are not, in other words, the result of arbitrary reallocation by the city's decision-makers. However, the city does not plan to continue providing CDBG funds to the School Board. The $10 million from the CDBG program originally projected in the 1985 fiscal year has been removed by the city.

Three additional one time infusions of revenue concern tax levies. The Board must, as part of agreements with employee unions in the last three years, make substantial annual contributions to the teacher's pension fund (the so-called "pension pick-up"). These are contributions above and in addition to, those revenues generated out of the Teacher's Pension tax levy. To cover this contribution in fiscal year 1983, the Board was permitted to levy a one time tax. This is the "pension pick-up" levy. Without this one time levy, which is quite substantial ($.213/$100 EAV [rpdicomg $29 million in additional revenue), this contribution would have had to come out of the general operating funds. However, this was a one time levy; in ensuing years (fiscal 1984 onward) the Board will have to pay this extra share of teacher's pension expenses out of operating revenues.

Second, when the Board's levy rate in the Education Fund was reduced, in 1980 to $1.61/$100 EAV, this reduction was not effective immediately. Rather, as will be explained in detail in the chapter on the School Finance Authority below, the Board was permitted to phase in this reduction. The Finance Authority permitted the Board to use a "composite" rate on its 1980 property tax levy extension. The Board was permitted to extend the Education Fund levy for 8 months at the full $2.11/$100 EAV rate, and the other four months at the reduced $1.61/$100 EAV rate. This ended up producing a $1.94/$100 EAV composite rate for 1980, which produced an extra $60 million in FY 1981.

Lastly, in an arrangement which will be further explained in the chapter on the School Finance Authority, when the Education Fund levy was restored to its former $2.11/$100 EAV rate. The permissive legislation took effect immediately on the 1982 bills distributed in August 1983. This produced a one time bonus of about $27 million, on a cash basis, for the FY 1984 budget. Because the rate increase was approved in June, after the first half bills had already been received by taxpayers, the major part of the tax increase appeared on the August bills. On a cash basis, receipts for the August bills are counted as revenue in the next year. Because the August bill carried the full effect of the tax rate increase, these bills were much larger then the March bill. Instead of getting half of the increase in March (which would have been credited to FY

1983, on a cash basis), the Board received it all in August, which was then credited to FY 1984, easing the balancing of the FY 1984 cash budget.

Thus, in each year since the financial crisis, the Board has used some one-time gimmick to balance its budget. In 1981 and 1982 it received working cash from the School Finance Authority (see below, Section VI). In 1982 it also received $16.5 million for the sale of Midway. In 1983 and 1984, it received funds from the sale of other School Board properties ($0.3 and $5.7 million respectively). In 1983 and 1984, the Board received money from CDBG funds. In 1984 it also received the case benefit of the August imposition of the restored Education Fund tax rate. However, on an accrual basis, these funds appear in the FY 1983 figures in this report. In all, the major, one-time gimmicks produced $532.5 million.

TABLE 8: ONE TIME REVENUE GIMMICKS
(in millions)

	1981	1982	1983	1984
S.F.A.	289.0	148.7	--	--
CDBG	--	--	21.0	10.0
Real Estate	--	16.5	.3	5.7
Pension	--	--	29.0	--
Speed up	--	--	--	30.0
Total	289.0	165.2	50.3	45.7

Grand Total = $550.2

VII. BONDS AND THEIR EFFECT

Capital costs, either for new construction of for rehabilitation, are usually financed through the sale of relatively low interest bonds. Municipal bonds are tax exempt investments for the purchases, and thus purchasers are willing to charge lower interest on this borrowed money. In this sense, the Board of Education sells bonds in much the same way that a homeowner would acquire a mortgage or a home renovation loan.

During the 1970s, the Board sold bond notes totalling $410 million, half for new construction and half for rehabilitation of existing facilities. The Board was most active in 1975 and 1976 when it sold $90 million and $100 million respectively.

TABLE 9: BOND SALES (in millions)

	FY1970	71	72	73	74	75	76	77	78	79
Rehabilitation	0	0	0	0	0	75	55	30	45	0
Construction	0	25	35	55	0	15	45	15	15	0
Total Bond Sales	0	25	35	55	0	90	100	45	60	0

After 1979, the Board was unable to sell bonds, due to a lowering of its bond rating. It was this lowered bond rating which precipitated the fiscal crisis of the Fall of 1979. The Board still has no access to the bond market. This fact has significance for the use of current operating revenues for the years since 1979.

Bond sales allowed the Board to do new construction and major renovation/rehabilitation of its facilities without using operating fund revenues for this purpose. During the 1970s, funds from the Education Fund were never needed for this purpose. Further, since bond redemption and interest costs were met through a floating tax rate levy, bond costs were net through a floating tax rate levy, bond costs were passed on directly to the taxpayer without draining resources from the limited rate funds.

If the Board had had its way, it would have sold even more bonds than it did. From 1974-1980, the Board budget called for far higher bond sales than it achieved.

TABLE 9a: BUDGETED vs. ACTUAL BOND SALES

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980
Budget	0.3	0.2	0.5	50.3	86.5	193.3	127.8	97.0	48.6	48.1	62.5
Actual	0.0	25.0	35.0	55.0	0.0	9.0	100.0	45.0	60.0	0.0	0
Difference	0.3	-24.8	-34.5	-4.7	86.5	184.3	27.9	52	-11.4	48.1	62.5

This table shows that the Board intended to sell an additional $368.8 million of bond notes between 1974 and 1980. In part, it was the inability of the Board to sell the $110.6 million in 1979 and 1980 which left the Board short of cash, occasioning the fiscal crisis. To the extent that the Board was unable to sell its intended bond offering, new construction or scheduled rehabilitation was delayed.

Since 1879, all but the most crucial rehabilitation/ renovation was postponed. As the crisis continued, the School Finance Authority began to pressure the Board to resume a program of preventative maintenance renovations.

Without access to the bond market, and the corresponding floating tax rate levy, the Board was forced to turn to operating funds to support the program it designed. In the 1984 budget, $16 million was designated for contractual services, primarily for renovations. Larger sums are projected for the forthcoming FY 1985 budget. Most of the revenues to support these planned expenditures will come the Education Fund. Thus, rehabilitation projects will be supported by current tax revenues, saving the Board, but primarily the taxpayer, the interest costs of borrowing. However, this process puts additional strain on the all purpose Education Fund, reducing from direct educational program resources, the costs of rehabilitation.

VIII. SUMMARY LOCAL REVENUES

Local revenues, as we have seen, are generated out of an extremely complex tax levy, extension, and collection process. The small growth in property tax revenues (and their inability to keep pace with inflation) are the result of five factors:

1. In 15 years, there has been only one general rate increase for the limited rate levies. This occurred in 1972. Not surprisingly, current dollar revenues from the limited rate levies reached their high point in 1972.

2. The tax rate for the Education Fund was reduced for FY 1981, as part of the settlement which created the School Finance Authority. This rate was restored to $2.11/$100 EAV for FY 1983. For FY 1982, the rate reached its low point of $1.61/$100 EAV.

3. Because of the way levies were extended, the Board did not tax property owners at the maximum rates permitted by law. This was one of the major causes of a decline in the revenues produced by the limited tax rate levies from a high of $325.4 million in 1972 to $267.7 million in 1979.

4. The tax base for the Chicago Public School system was reduced during the period studied, most notably by the expiration of the Corporate Personal Property assessment and tax and the initiation of the homestead and homeowner's exemptions. The Chicago EAV declined in the mid 1970s, largely because of a reduced multiplier. Property tax revenues fell sharply in 1980 when the EAV fell by $2.5 billion because of the elimination of corporate personal property from the tax base.

5. The non-collection of taxes was a serious problem for the Board. Many corporations, as the time for the elimination of the Corporate Personal Property Tax approached, simply stopped paying this tax. The total loss for the school system was $469.0 million.

Since the 1979-80 financial crisis, the Board's general revenues have been inadequate to sustain its general expenditure levels. Thus, in each of these years, a series of one-shot band-aids were used to patch together enough revenues to balance the Board's budget. These one time revenues total $532.5 million over four years, about 10% of the revenues received in those years.

SECTION III - STATE REVENUES: APPARENT INCREASES, DECLINING PURCHASING POWER

I. THE GROWTH AND DECLINE OF STATE AID

With the adoption of the new state constitution in 1970, the State of Illinois assumed "primary responsibility" for school finances. This change had two aspects to it: the state was to increase its level of aid to school districts throughout the state, and the property tax burden in these individual districts was to be alleviated. The gross level of state aid has clearly increased. For the Chicago schools, basic state distributive aid rose from a low of $189.6 million in 1970 to a high of $539.6 million in 1981. Since then, however, the level of state distributive aid has decreased slightly to $520.3 million in 1982. The state has dramatically increased its support for categorical programs as well. Special education revenues have increased 339% from $16.5 million in 1970 to $75.7 million in 1983. Bilingual Education aid was begun in 1971 (at $54,000) but now brings the Chicago Public Schools over $12 million.

This uniform increase in state aid, across all programs, has been reversed in recent years. In current dollar terms, total state revenues to the Chicago system reached a high point in 1981 at $707.7 million. In the current year (1984) the Board anticipates only $654.7 million, a decline of over $50 million dollars since 1981. The state has backed away from public school support. In constant dollar terms, the situation is even more serious. Basic state aid in constant dollars and constant dollars per student peaked in 1977 and 1978. State aid in terms of each of the measures used in this study -- current dollars, constant dollars, and constant dollars per student -- have fallen since the financial crisis in 1979.

TABLE 10: TOTAL STATE REVENUES (in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974 BUDGET	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
CURRENT DOLLARS	211.8	233.5	255.5	298.2	232.4	414.7	432.7	540.7	562.9	579.8	683.9	707.7	691.7	679.2
CONSTANT DOLLARS	186.4	196.1	209.3	228.0	167.6	278.3	271.1	322.8	315.3	299.2	309.0	283.0	249.8	231.0
CONSTANT PER STUDENT	$329	$346	$376	$417	$470	$528	$521	$630	$632	$621	$664	$630	$575	$532

This chapter will describe the basic programs that make up the state's contribution to the revenues of the Chicago Public Schools. These programs are not only numerous, but complex. It will also be necessary to discuss the legislative history of school finance reform in Illinois. The basic package of school finance reform was put together over a decade ago. Premised basically on equity (more resources flowing to districts with the greatest need), the

reform legislation was seriously modified by political pressure to decrease this commitment. Reforms that were enacted in 1973 began to unravel by 1976. The big winners in the 1973 reforms, particularly the cities with high concentrations of poverty like Chicago, began to lose ground compared to more affluent districts with the legislative revisions in 1976, 1978, 1979, and 1980. Decreasing levels of constant dollar revenues for the Chicago system were partially the result of these revisions.

II. STATE PROGRAMS

The State of Illinois has provided educational aid to school districts through more than twenty individual programs. By far the most important program is general state aid from the common school fund. The general state aid appropriation for the current (1984) school year is $1.4 billion, about the size of the total Chicago budget. Of this, the Chicago Public Schools will receive $486.3 million, with other funds raising total state aid to $654.7 million. These other state programs are significant sources of revenue for the Chicago system. They include special and vocational education, lunchroom support and bilingual education programs.

The most important state programs require a brief description.

1. Distributive Aid: This is the largest and most complex of the state's educational programs. Distribution to school districts is based upon an extremely complex formula. This formula, using a district's property tax base, attendance and level of poverty, is the basis of the individual district's application to the state for distributive aid. The formula has three basic parts.

a. Guaranteed wealth factor. Illinois legislation guaranteed each district access to state aid based on the relative wealth of that district. Wealth is measured by the total Equalized Assessed Value (EAV) divided by the attendance figure (in other words, EAV per student). For 1984 the State guaranteed an EAV level of $92,244.21 per student for elementary districts; $159,330.9 in high school districts and $60,031.91 in unit districts. Chicago's 1982 EAV per student was $32,595.72, meaning the Board would use a high multiplier in the distributive formula.

b. Weighted Average Daily Attendance (WADA). The WADA is based on three factors. First , average daily attendance (ADA) is based on either the best three months attendance of the previous year or the three year average ADA, whichever is better. This is multiplied by two weighting factors. First, students are counted in the following fashion: a student in kindergarten equals 0.5, grades 1 to 6 (1.0); a student in grades 7 and 8 (1.05); and a high school student (1.25). Weighting students by their grade produces the Weighted Average Daily Attendance (WADA). A second weighting factor is a poverty measure. This is determined by dividing the district's percent of low income students by the state average (which is 18.58%) and multiplying by an arbitrarily determined factor (0.53 for 1984). However, the resulting weighting factor cannot exceed a cap of 0.625. These two factors together product the Title I Weighted Average Daily Attendance (TWADA) which is the basis of distributive aid for two thirds of the school districts in Illinois.

c. Special Equalized Enrollment: This is calculated by multiplying the WADA times the difference between the state guaranteed level of EAV per weighted student and the actual district EAV per weighted student. This factor is then multiplied by the operating tax rate.

State distributive aid is direct operating support for the Chicago School system. It is not earmarked for any special purposes. Thus, most stat distributive aid goes into the Education Fund, the local Board of Education's primary operating fund. However, a portion of state distributive aid which is generated by the weighting for poverty must be distributed to benefit poor students. State appropriations for Chicago from this Common School Fund have decreased in recent years.

2. Special Education Aid. In these programs, the state reimburses school districts for performing approved special education programs. School districts are reimbursed for teachers, directors, psychologists, speech therapists, social workers, nurses, and other special education personnel. It is important to point out that individual districts are only partially reimbursed for these special education personnel. In fact, the state reimburses the local districts at a rate of only $6,250 per teacher certificated employee and $2500 per career service employee. It should be noted that the average cost of compensation for a teacher is nearly $35,000. Each year the Chicago

system submits to the state vouchers (requests for funds) for all personnel who work in its special education programs. The state then processes these claims and pays the Board during the following year. Once again, the Board must spend money before it receives its revenues.

The state also pays 80% of the "allowable costs" for transportation of special education students to special education facilities. There is additional state aid in special education tuition, buildings and medical care for children requiring exceptional care. When the state does not appropriate enough money to meet all claims for reimbursements from local districts, it "pro-rates" these claims, paying only a state percentage of each claim (e.g., the Special Education Transportation for 1977-80 was prorated at 93.3%).

3. Vocational Education: Vocational education is another categorical program financed jointly by the state and federal governments. These funds are distributed to elegible districts to assist in conducting or improving vocational education. Aid is also available for the transportation costs of students to vocational education facilities.

4. Free Lunch and Breakfast: The State of Illinois requires the Chicago school system to provide free lunches to children that who from families with low incomes. A free breakfast program is optional in Illinois. The state reimburses the Board 15 cents for each free meal it provides to a student. The state also subsidizies reduced price lunches and breakfasts for those students who are capable of paying only part of the costs. Food is also available for those capable of paying full price.

5. Other Categorical Programs: The State of Illinois also provides funding to the Chicago Board for driver's education, adult education, and programs for "gifted children." Each of these items are categorical revenue programs, i.e., the funds can only be used for these specific purposes. In recent years, the state has also provided some revenues for construction and rehabilitation of buildings.

III. SCHOOL FINANCE REFORM

The early 1970s saw the enactment of school finance reform legislation in Illinois. The new state constitution required that the state take on the "primary responsibility" for public school finance. Also a state income tax was initiated in 1970, providing the state with significant new revenues. The real incentive for reform was a landmark school finance case, the Serrano decision in 1971. The California case prohibited continued serious inequities in the level of per student expenditures between richer and poorer school districts. While Illinois had not been directly involved in this lawsuit, the Serrano decision spawned numerous new lawsuits in states in which wide discrepancies in school expenditures existed. There was no legal challenge to Illinois school finance practices, but in the early 1970's there clearly was a threat of this happening.

In the two years following the 1971 Serrano decision, three different blue ribbon commissions were established by the governor, the state superintendent of education, and the state legislature, there was a significant overlap in the membership of these commissions. Thus a common approach emerged in the bills submitted to the state legislature in 1973. It is also significant that school finance reform did not become immersed in gubernatorial partisan politics. The movement toward reform was initiated under a Republican Governor, and was continued under the Democratic Walker Administration which was sympathetic to providing increased state revenues for public schools.

The 1973 reform law provided new ways to determine the level of state aid to individual districts. Essentially, a district was provided increased basic state distributive aid if it had a low EAV and a high tax rate. Thus, in addition to a poverty factor, this was also a "reward for effort" state aid formula; those districts that supported public education through higher tax rates were rewarded for this effort by increased state aid. This provision significantly aided suburban school districts. The "poverty impact" element in the provision of state aid increased aid to school districts, like Chicago, that had higher concentrations of students from poverty-stricken families. This element of reform helped the large central cities and some rural downstate districts with high poverty levels.

The basic state aid system remained essentially intact for five years. The flow of basic distributive aid from the state increased in a stable and predictable fashion. Finance reform was "phased in" over these years so real changes would not be abrupt. In Chicago, this was clearly

the case. Basic state aid increased from $189.6 million in 1970 to $478.6 million in 1978. This represents an average annual increase of $36.1 million.

In 1978, the system started to move further away from equity. Suburban districts established a way to increase their flow of state dollars by using an alternative to the original 1973 reform formula. Also, the poverty impact factor in the reform package began to be manipulated. This combination of changes drew state funds away from the Chicago system, which had an immediate impact upon Chicago's revenues from the state. Whereas, general state distributive aid grew dramatically from 1973 (the year of the reform bill) until 1978, these funds increased in the next year a mere $8 million (5%) from $478.6 million to $486.2 million in 1979, averaging only $20 million increases for the next three years. In 1982 and 1983, revenues decreased by $19.3 million

In 1980, the "reward for effort" element in the aid formula was removed and replaced by a grant-in-aid formula that was essentially a foundation program. A fondation program guarantees a basic level of support for all students before any equalization factor is employed. In 1980, the 1973 reforms were further undermined by putting all districts under the same "resource equalizer formula." These changes resulted in providing more state aid to suburban districts. In both 1981 and 1982, the state legislature weakened the poverty impact element of the state aid formula, each time adversely affecting Chicago's state aid. As a result of these changes, and decreased statewide aid, Chicago's state revenues actually fell in current dollar terms. Total state revenues (inclusive of the CPPR) peaked at $707.7 million in 1981 and have declined in the last two school years. In FY 1984 total state revenues are anticipated to be only $654.7 million, more than $50 million less than 1981.

IV. THE PATTERN OF STATE FUNDING

State allocations to the Common School Fund increased every year from 1972 to 1981. In the last two years, basic state support for elementary and secondary education in Illinois has decreased. It fell by $126.5 million in two years. This represents a 7% decline in state support at a time when enrollments are beginning to stabilize.

TABLE 11: BASIC STATE AID TO EDUCATION: 1971 - 1983 (in millions)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Common School Fund	797.6	845.8	927.1	1,030.9	1,222.1	1,395.3	1,446.8	1,506.4	1,601.9	1,681.2	1,783.3	1,710.8	1,656.8
Consumer Price Index	119.1	122.1	126.4	138.7	149.0	159.6	167.5	178.5	193.8	221.3	250.1	276.9	294.0
Constant Dollars	669.7	692.7	733.5	743.3	820.2	842.9	863.8	843.9	826.6	759.7	713.0	617.8	563.5

A closer look at the patterns within this revenue table discloses a clear break between the first seven years and the last six years. From 1971 to 1977, the Common School Fund increased by 81%. Annual appropriations were $649.2 million higher in 1977 than 1971, an average annual increase of $108.2 million. The big increases occurred between 1974 and 1977 when each year's increase exceeded $100 million.

For the second period, the total increase was only $210 million, an annual increment of $35 million. However the year by year picture is affected by the decreases in the last two years. Between 1977 and 1981 increased basic appropriations for elementary and secondary education averaged $84.1 million annually. The $72.5 million decrease in 1982 and the $54.0 million decrease in 1983 cause the low $35 million increment over the past six years.

When adjusted for inflation, statewide aid peaked in 1977 and has steadily fallen since that time. Increases in basic state aid have not kept pace with inflation in any year since 1977, whereas they had exceeded inflation in every year between 1972 and 1977. With the precipitous decreases in state funding in 1982 and 1983, the purchasing power of basic state assistance to local school districts was 16% lower in 1983 than in 1971. Further, during this second period, the state's share of total public elementary and secondary education has declined from above 48% to 38% currently. The percentage of the state's budget allocated to elementary and secondary education has similarly declined. It was in 1970 that the State of Illinois, in its new constitution, assumed "primary responsibility" for education in the state. It would appear that, statewide, there has been a clear abrogation of that responsibility.

V. STATE REVENUES FOR THE CHICAGO PUBLIC SCHOOLS

The state provides a significant proportion of the Board's revenue (48% in 1983). Table 12 provides a detailed breakdown of the revenues the Board received from major state programs. The largest and most important item is basic state distributive aid.

TABLE 12: STATE AID TO THE CHICAGO PUBLIC SCHOOLS (in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982
STATE AID													
Distributive	178.3	198.1	210.0	236.7	184.0	342.5	360.8	453.9	479.2	485.3	508.2	536.0	531.1
Distributive-Summer	3.9	4.3	5.3	7.4	8.8	11.7	1.1	2.3	1.4	0.0	.0	2.7	2.3
Vocational Ed	3.2	2.9	3.0	2.9	1.9	1.8	2.9	2.2	1.7	0.4	6.4	4.7	5.6
Special Ed													
Handicapped	12.5	9.3	14.8	11.7	11.6	23.0	26.3	31.1	29.0	38.0	36.6	32.8	28.2
Extraordinary Care	0.0	0.0	0.0	0.0	2.1	1.5	3.6	6.5	6.2	7.3	8.7	11.1	12.2
Equipment	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tuition	0.7	1.6	2.8	3.4	3.7	3.4	2.1	5.8	7.1	5.1	5.5	5.9	5.7
Transportation	1.6	4.2	5.1	6.7	6.9	11.3	10.8	11.4	14.5	14.5	20.1	19.3	26.3
Building	1.6	1.8	2.2	4.9	3.3	0.2	9.2	-0.8	0.0	0.0	0.0	0.0	0.0
Special Education Total	16.5	17.0	24.9	26.6	27.7	39.5	50.9	54.1	56.7	64.8	70.9	69.1	72.4
Parental school	1.5	1.5	1.3	1.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tuition-Orphanages	0.3	0.1	0.2	1.5	0.7	2.7	1.8	.0	0.0	0.0	0.7	0.1	0.2
Driver Ed	1.4	1.4	1.8	1.8	1.3	2.2	1.4	2.2	2.2	1.9	1.4	1.6	3.3
Adult Ed	1.5	1.2	1.3	0.4	0.1	0.3	0.4	0.2	0.2	0.4	0.3	0.4	0.4
Gifted student	1.1	1.2	0.7	1.1	0.9	1.0	0.6	0.8	0.9	1.0	1.0	1.8	1.8
Free Meal	4.0	5.3	6.2	6.1	4.1	7.3	7.4	7.9	8.2	7.3	7.9	7.7	6.7
Bilingual	0.0	0.1	0.7	2.0	2.8	5.7	5.3	9.9	9.8	9.9	12.4	13.1	12.9
Other	.0	.0	0.1	0.4	0.1	0.1	0.1	0.1	0.1	5.9	9.7	0.1	0.7
STATE TOTAL	211.8	233.5	255.5	288.2	232.5	414.7	432.7	533.6	556.4	576.8	618.9	637.3	637.4

The data on this table are slightly different than on Table 1, but provide the only through breakdown into the various programmatic categories. Basic distributive aid, in this reporting, rose steadily and dramatically from $178.3 million in 1970 to a high of $536.0 million in the 1981. The following year, 1982, (the last year for which this detailed state data was supplied), basic distributive aid declined. The increase in state aid is particularly evident between fiscal 1973 and fiscal 1978, the period during which school finance reform was in effect and relatively unchanged. From 1979 onwards, the rate of increase diminishes, cresting in 1981.

Two other programs have also provided the Board with increasing revenues. These are special education and bilingual education. The special education total revenues are the sum of six individual programs. Overall special education revenues have increased over 300%, from $16.5 million in 1970 to $72.4 million in 1982. The different special education programs have generally provided increased revenues, except for the buildings and equipment line items which stopped, but their peaks were reached in different years. The handicapped program rose from $12.5 million in 1970 to $38.0 million in 1979 and has steadily declined since. Indeed, handicapped funding has declined 25% to $28.2 million in 1982. Extraordinary care revenues first appear on this table in 1974 at $3.2 million and have since jumped to $12.2 million in fiscal 1982. Tuition revenues increased from $728,000 in 1970 to $7.1 million in 1978 and then declined to $5.7 million in 1982. Two last points should be noted concerning special education revenues. State aid for transporting special education students increased very sharply from $1.6 million in 1970 to $26.3 million. The increase has been nearly continuous. Lastly, state aid for special education buildings is no longer coming to the Board. This stopped in 1978. Just two years earlier special education building aid had been $8.2 million.

State revenues for bilingual education are also highlighted on Table 12. State aid only began at a very modest $54,000 in 1971 but grew to $13.1 million in 1981. But state bilingual aid, like distributive aid, also declined in the following year. One last fund should be noted. State revenues for free meals grew quite steadily until they peaked at $8.2 million in 1978. In this fund, as well, state aid has declined since then to just $6.7 million in 1982.

Total state revenues have increased dramatically and steadily in current dollar terms. From a low of $211.8 million at the beginning of the period studied, total state revenues increased to $707.7 million (including the CPPR) in

1981, but has fallen each year since then. What this overall picture masks, however, is the slight decline in general distributive aid, the declines in some of the special education programs, and the effect of the Corporate Personal Property Replacement taxes. What is very clear is that the rate of current dollar state revenues increased most between 1973 and 1978, jumped once more with the introduction of the CPPR, and has since diminished.

VI. THE EFFECTS OF INFLATION

The growth and decline of state revenues in constant dollars received by the Chicago Board are presented on Table 2c. What is most striking about Table 2c is that state aid

TABLE 2c: STATE REVENUES ADJUSTED FOR INFLATION (Constant Dollars)
(in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
Consumer Price Index	113.6	119.1	122.1	126.4	138.7	149.0	159.6	167.5	178.5	193.8	221.3	250.1	276.9	294.0
STATE REVENUES														
Distributive Fund	166.9	175.9	182.0	198.2	142.3	245.0	225.6	271.0	268.1	250.9	232.8	215.7	191.4	177.0
Special Education	14.5	14.3	20.4	21.1	19.9	26.5	31.9	32.3	31.8	34.2	32.9	28.5	26.6	25.1
Other	4.9	5.9	6.9	8.7	5.3	6.8	13.6	19.5	15.5	14.1	14.0	10.6	11.2	9.6
CPPR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.3	28.2	20.6	19.4
TOTAL STATE REVENUES	186.4	196.1	209.3	228.0	167.6	278.3	271.1	322.8	315.3	299.2	309.0	283.0	249.8	231.0

increased, even in constant dollar terms, during the period 1973-1978, during which school finance reform was intact. Both state distributive and total state aid to the Chicago school system peaked, in constant dollars, in 1977. With reform, these state revenues for the Chicago system more than kept pace with inflation. Since then, however, with the Chicago system's costs still escalating with inflation, state aid diminished in constant dollar terms. The data on the overall trends are as follows. Basic distributive aid increased almost continously from $166.9 million (in 1967 dollars) in 1970 to $271.0 million in constant dollars in 1977. Since this peak, basic distributive aid declined 36% to $177.0 million. Total state constant dollar revenues follow the same path. In 1970, total state revenues were $186.4 million in 1967 dollars. Total revenues also peaked in 1977 at $322.8 million, and declined steadily to $231.0 million in 1983, in constant dollars, even with the addition of the Corporate Personal Property Replacement taxes counted as state revenue.

Other major sources of state revenues have also failed to keep pace with inflation. Total special education revenues more than doubled, even in constant dollar terms, from $14.5 million in 1970 to its peak of $33.5 million in 1979. Since then, total special education constant dollar revenues have fallen 22% to $26.2 million in 1982. State aid for bilingual education shows a nearly identical trend.

TABLE 13: STATE AID TO THE CHICAGO PUBLIC SCHOOLS ADJUSTED FOR INFLATION (Constant Dollars)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982
Consumer Price Index	113.6	119.1	122.1	126.4	138.7	145.0	159.6	167.5	178.5	193.8	221.3	250.1	276.9
STATE AID													
Distributive	149.7	162.2	166.1	170.7	123.5	214.6	215.4	254.3	245.2	219.3	203.2	193.6	191.8
Distributive-Summer	3.3	3.9	4.2	5.3	5.9	7.3	0.7	1.3	0.7	0.0	.0	1.0	0.8
Vocational Ed	2.7	2.3	2.4	2.1	1.3	1.1	1.7	1.2	0.9	0.2	2.6	1.7	2.0
Special Ed													
Handicapped	10.5	7.6	11.7	8.4	7.8	14.4	15.7	17.4	15.0	17.2	14.6	11.9	10.2
Extraordinary Care	0.0	0.0	0.0	0.0	1.4	1.0	2.1	3.7	3.2	3.3	3.5	4.0	4.4
Equipment	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tuition	0.6	1.3	2.2	2.5	2.5	2.1	1.3	3.2	3.6	2.3	2.2	2.1	2.1
Transportation	1.3	3.4	4.0	4.8	4.7	7.1	6.4	6.4	7.5	6.5	8.0	7.0	9.5
Building	1.4	1.5	1.8	3.5	2.2	0.1	4.9	-0.4	0.0	0.0	0.0	0.0	0.0
Special Education Total	13.9	13.9	19.7	19.2	18.6	24.7	30.4	30.3	29.2	29.3	28.3	25.0	26.2
Parental school	1.2	1.2	1.0	0.8	.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tuition-Orphanages	0.2	0.1	0.2	1.1	0.5	1.7	1.1	.0	0.0	0.0	0.3	.0	0.1
Driver Ed	1.2	1.2	1.4	1.3	0.9	1.4	0.8	1.2	1.1	0.9	0.6	0.6	1.2
Adult Ed	1.3	1.0	1.1	0.3	0.1	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.1
Gifted student	1.0	1.0	0.6	0.8	0.6	0.6	0.3	0.5	0.5	0.4	0.4	0.6	0.6
Free Meal	3.3	4.3	4.9	4.4	2.8	4.6	4.4	4.4	4.2	3.3	3.2	2.8	2.4
Bilingual	0.0	.0	0.5	1.5	1.9	3.6	3.2	5.5	5.1	4.5	5.0	4.7	4.7
Other	.0	.0	0.1	0.3	0.1	0.1	0.1	.0	.0	2.7	3.9	.0	0.3
STATE TOTAL	177.8	191.3	202.1	207.8	156.0	259.9	258.3	298.9	287.1	260.6	247.5	230.1	230.2

The dramatic increase in bilingual revenues we saw in Table 12 were increases that more than kept pace with inflation. In constant dollar terms, seen in Table 13, bilingual aid did increase until 1980, but has since diminished from that $5.6 million high point.

The recent declines in total state and distributive aid revenues are not justified by the declining enrollments the Chicago system has experienced. As can be seen in Table 14, state revenues, when measured in constant dollars per student, have been declining steadily since 1978. State revenues, in both constant dollars and constant dollars per student terms have declined since the year before the Chicago financial crises broke. As the school financial reform system deteriorated after 1978, as the weighting for poverty measure in the formula diminished, and as the statewide allocation was reduced, the state revenue stream to the Chicago Board has decreased.

TABLE 14: STATE AID PER STUDENT

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
Average Daily Membership	567,404	566,630	556,052	546,450	534,420	527,293	520,213	512,577	503,584	481,507	465,405	448,328	434,095	433,915
Distributive Fund	$294	$310	$327	$363	$399	$465	$434	$539	$548	$521	$500	$491	$441	$430
TOTAL STATE REVENUES	$329	$346	$376	$417	$470	$523	$521	$630	$632	$621	$664	$630	$575	$532

VII. SUMMARY

Total state aid to the Chicago schools generally was higher at the end of the period covered by this study than at the beginning. This is true in both current and constant dollar terms. Some important state aid programs, particularly aid for special and bilingual education, have continued to increase, in constant dollar terms, after Distributive aid peaked.

A useful way to summarize the trends of state revenue to the Chicago Board is presented in Table 15. This shows the percent change in constant dollars for two periods, 1970-1982 and 1977-1982, for all state programs shown in Table 13. The periods covered are from 1970 until the last year for which we have detailed data, and from the peak in distributive aid (1977) to the last year. Several interesting things are shown here. First, is the substantial constant dollar increase in basic distributive aid over the whole period: 22%. However, looking at the second column, since 1977, state basic distributive aid has declined -29.2%. Essentially the changes in total state revenues show an identical picture. Overall, current total state aid is ahead of 1970 by 27.6% but has fallen, since its peak in 1977, by 26.9%.

TABLE 15: CHANGES IN STATE AID, CONSTANT DOLLARS

	Percent Change between 1970-1977	Percent Change between 1970-1982
STATE AID		
Distributive	62.9	15.3
Distributive-Summer	-65.9	-79.7
Vocational Ed	-45.5	-15.1
Special Ed	126.1	83.3
Handicapped	136.6	30.0
Extraordinary Care	—	—
Equipment	—	—
Tuition	150.1	49.2
Transportation	93.1	169.8
Building	-129.6	-100.0
Parental school	-100.0	-100.0
Tuition-Orphanages	-105.6	-47.2
Driver Ed	10.0	1.1
Adult Ed	-85.9	-85.0
Gifted student	-49.0	-35.8
Free Meal	6.5	-45.5
Biligual	12884.5	10200.6
Other	43.9	655.3
STATE TOTAL	66.8	21.9

The other large programs show different trends. Vocational education constant dollar revenues have fallen from 1970 to 1982 by -28.2%; since 1977, however, they have increased 55.6% largely as a result of revived funding in the last three years. State aid subsidizing free meals fell in both periods examined and total special education revenues essentially matched the distributive aid trend. Total constant dollar special education revenues grew by 80.0% over the entire period, but have fallen 18.9% since 1977. State support for Vocational Education had virtually disappeared in 1979, falling to $400,000, before jumping dramatically to $6.4 million the following year. However, in constant dollars, this 1980 peak was only roughly equal to the 1970 levels. 1981 and 1982 were lower.

The most significant finding concerning state revenues to the Chicago Public Schools is that state aid has declined significantly since 1977 in both constant dollars and constant dollars per student. Even in current dollars, state aid has declined each year since 1981 -- a period of high inflation and stabilizing enrollments. The continued fiscal crisis of the Chicago Public Schools must, in part, be attributed to the decline in state support.

SECTION IV - FEDERAL REVENUES: PROGRAMS FOR STUDENTS WITH SPECIAL NEEDS

I. FEDERAL AID TO CHICAGO PUBLIC SCHOOLS

Federal aid is an important, but much smaller, contribution to the Board's revenues than either local revenues or state aid. Total federal revenues during the period covered by this report more than doubled from $73.1 million in 1970 to $195.6 million in 1983. However, this sharp increase in the flow of federal funds masks the uneven pattern in year to year funding. Categorical aid, designated for the support of specific programs, jumped up and down during the period studied. Whole programs were severely cut back or eliminated. Multiple sources of federal aid were consolidated into one program. Generally, federal revenues constituted between 11% and 14% of the Board's funding despite all these discontinuities.

TABLE 1c: FEDERAL REVENUES, CURRENT DOLLARS (in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
FEDERAL REVENUES														
ESEA	32.9	39.1	39.0	43.8	32.7	69.3	50.5	52.1	61.3	71.2	80.4	79.5	64.2	76.9
General and Categorical	18.1	19.5	20.0	15.6	12.1	16.6	25.2	26.4	39.6	40.3	46.6	48.7	39.5	51.2
Community Development	10.8	8.0	9.5	6.3	3.4	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lunchroom	11.3	10.2	22.4	25.7	17.5	34.7	36.0	44.1	47.7	48.2	54.7	58.5	58.4	67.5
TOTAL FEDERAL REVENUES	73.1	77.8	90.9	92.0	65.6	124.6	111.7	122.6	148.6	160.0	181.7	181.7	162.1	195.6

Over the period examined in this study, revenues from federal sources have increased from $73.1 million in 1970 to $195.6 million in 1983. This total increase has not been continuous. Federal revenues rose steadily in current dollars up to 1975, when total federal revenues reached $124.6 million. In the next year, however, federal funding dropped to $111.7 million. During the Carter Administration, federal funding again began to rise, jumping to $181.7 million in 1980. Since then, federal dollars first declined sharply, reflecting a decreased educational priority in the Reagan budgets, and then jumped to $195.6 million in 1983. This most recent jump is because the Board can now use the results of the 1980 census which shows Chicago students are poorer and more disadvantaged. Because federal revenues are intended for the most disadavantaged, the 1980 census yields more funding for the Chicago system.

From Table 1c we can see that the unsteadiness of the federal revenue trend exists across all of the federal lines. General and categorical aid items (everything but ESEA/ECIA, Community Development, and Lunchroom) brought the Chicago system $18.1 million in 1970, rose to $20.0 million in 1972, fluctuated for several years and finally began a steady rise to $48.7 million in 1981, but fell off again and has since jumped. The latest increase (to $51.2 million in 1983) is again the result of using the 1980 census in the

Board's grant application. Community Development shows a steady decline as the Model Cities program was phased out and then abolished. Other Community Development funds have been received, but because they come from the city's federal grant and were then funnelled to the Board, the Financial Reports record these as local revenues. ESEA/ECIA program funding rose from $32.9 million in 1970 to $80.4 millin in 1980. By 1982 these funds had dropped to $64.2 million, before rising to $76.9 in 1983. However, like categorical and general aid, these ESEA/ECIA funds have taken a rocky upward trend.

Only one source of federal funding showed a nearly continuous increase from year to year. Beginning in 1970, lunchroom funding was $11.3 million. By 1983, these revenues had grown six-fold to $67.5 million. Only once, between 1981 and 1982 did federal lunchroom funds decline, and then insignificantly.

II. FEDERAL PROGRAMS

Nearly all federal programs are earmarked for specific purposes. Usually federal funds are to be used to improve the educational opportunities of children from the most disadvantaged backgrounds. In addition there is significant federal funding for special education programs, and modest support for vocational and adult education. Federal support for public schools has changed quite drastically over the period examined here. Specifically, a number of programs, which had supplied the Chicago Public Schools hefty sums, have been eliminated. Most of these were "Great Society" programs that provided direct federal funding to schools in the poorest areas of the city. All federal programs, including those which no longer exist, will be briefly described.

The major federal programs are:

1. Education Consolidation and Improvement Act (ECIA): The ECIA program is the largest of the federal programs. ECIA consolidates a large number of programs under the old Elementary and Secondary Education Act (ESEA). ECIA, itself, has a number of distinct chapters that provide funding for specific programs. Of these the largest is Chapter 1, which is targeted to improve the educational achievement of the most disadvantaged students. Chapter 1 funds are targeted to specific schools with high levels of poverty; they provide programs based on a local needs assessment

conducted by the Board. Chapter 2 funding is earmarked to serve children from economicly disadvantaged families, and consolidates a number of different categorical programs formerly available under ESEA, removing their categorical earmarking.

2. Education of the Handicapped (Public Law 94-142): This program started in 1978. It provides federal grants to assure that handicapped children receive a free, appropriate education. This special education funding is distributed through the State of Illinois (as is the case with most federal programs) and is distributed in the following fashion: 75% to school districts on the basis of the number of special education students, and 25% at the discretion of the state. Illinois has used this discretionary funding to support regional centers, administration, and fees of children in private facilities.

3. ESEA Bilingual: The federal government provides grants to local school districts to develop and implement bilingual education programs.

4. School Lunch Program: This, and other federal school nutritional programs, provide the second largest source of federal revenues to the Chicago Public Schools. Federal resources come in two forms: cash and food.

5. Abolished Federal Programs: Three programs, all of which formerly provided substantial funding, along with several smaller programs, have been abolished. These are Model Cities, Economic Development, and the Comprehensive Education and Training Act (CETA). All of these programs were targeted to benefit the most disadvantaged students.

III. REVENUES FROM FEDERAL SOURCES

Revenues from Federal sources have generally contributed 11% - 14% of the Board's total revenue. Federal revenues represent a small, yet nonetheless important, contribution to the Chicago Public Schools. Table 16 shows federal revenues in both current and constant dollars.

A number of important changes in the pattern of federal aid should be noted immediately. First, two major programs that have contributed significantly to the Board's revenues

TABLE 16: FEDERAL AID TO THE CHICAGO PUBLIC SCHOOLS* (in millions)

CURRENT DOLLARS	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982
FEDERAL AID													
ESEA	32.9	34.1	39.0	43.4	32.7	60.3	50.5	52.1	61.3	73.7	80.4	74.5	64.2
Model Cities	10.8	8.0	8.5	6.3	3.8	3.9	3.7	3.6	0.0	0.0	0.0	0.0	0.0
Economic Opportunity	9.2	8.4	7.6	7.5	6.7	3.9	3.2	6.0	4.3	0.0	0.0	0.0	0.0
Impacted areas	3.1	3.6	3.6	0.1	0.5	0.2	3.8	1.9	3.4	0.0	0.0	0.0	0.0
Vocational Ed	2.4	1.7	1.9	3.0	1.1	2.0	2.0	2.0	1.8	3.4	.0	2.5	4.1
Nat. Defense Ed. Act	0.1	0.2	0.1	0.2	0.6	0.2	0.3	.0	.0	.0	0.0	0.0	0.0
Manpower Devel Training	1.3	1.6	1.2	0.9	.0	0.0	.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Ed	0.7	1.4	2.2	1.8	1.1	1.6	2.1	1.3	0.8	1.3	1.8	1.5	1.6
ROTC	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.4
Ed. Professional Training	0.5	1.9	0.7	0.8	0.6	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emergency Employment	0.0	.0	2.0	1.7	0.6	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
School Lunch	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash	8.7	13.9	20.4	22.4	14.8	31.1	33.4	40.0	41.0	43.2	47.1	43.6	52.4
Food	2.6	2.3	2.0	3.3	1.8	3.6	2.6	4.1	4.7	5.0	7.4	8.9	6.0
CETA	0.0	0.0	0.0	0.0	0.0	6.9	9.8	12.8	22.5	25.7	22.0	20.2	3.6
Other	0.5	0.3	0.4	0.4	0.6	0.8	0.1	0.4	1.1	-6.0	5.4	2.5	3.4
FEDERAL TOTAL	73.1	77.7	90.8	91.9	65.7	128.3	111.7	122.8	141.3	146.5	164.5	159.8	135.6

CONSTANT DOLLARS	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982
Consumer Price Index	113.6	119.1	132.1	138.4	153.7	169.0	179.6	187.5	198.5	213.8	221.3	250.1	275.9
FEDERAL AID													
ESEA	28.9	28.6	31.9	30.4	21.6	46.5	31.6	31.1	30.3	30.0	36.3	29.8	23.2
Model Cities	9.5	6.7	7.8	5.0	2.4	2.6	2.3	2.1	0.0	0.0	0.0	0.0	0.0
Economic Opportunity	8.1	7.1	6.7	5.9	4.8	2.6	2.0	2.4	2.4	0.0	0.0	0.0	0.0
Impacted areas	2.7	3.1	3.0	0.1	0.3	0.1	2.4	1.1	1.9	0.0	0.0	0.0	0.0
Vocational Ed	2.1	1.4	1.5	2.3	0.8	1.4	1.3	1.2	1.0	1.8	.0	1.0	1.5
Nat. Defense Ed. Act	0.1	0.2	0.1	0.1	0.4	0.1	0.2	.0	.0	.0	0.0	0.0	0.0
Manpower Devel Training	1.2	1.4	1.0	0.7	.0	0.0	.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Ed	0.7	1.2	1.8	1.4	0.3	1.1	1.3	0.8	0.5	0.7	0.8	0.6	0.6
ROTC	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Ed. Professional Training	0.5	1.6	0.5	0.6	0.5	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emergency Employment	0.0	.0	1.6	1.4	0.5	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
School Lunch	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash	7.7	11.7	15.7	17.7	11.4	20.8	20.9	23.9	24.1	22.3	21.4	19.3	18.9
Food	2.3	1.9	1.5	2.6	1.3	2.4	1.6	2.4	2.6	2.6	3.3	3.6	2.2
CETA	0.0	0.0	0.0	0.0	0.0	4.6	6.1	7.7	12.6	13.3	9.9	8.1	1.3
Other	0.4	0.3	0.3	0.3	0.5	0.1	0.1	0.1	0.8	-3.1	2.4	1.0	1.2
FEDERAL TOTAL	64.3	65.2	78.4	72.7	47.4	81.4	70.0	73.1	80.3	75.6	74.3	63.9	49.0

*1979-1982 totals do not agree with Tables 1 and 2; data from these years drawn from financial cards.

were eliminated during the years covered here. These were the Model Cities and CETA programs. The abolition of these programs put additional pressure on the Board's Education Fund. This was particularly the case with the CETA program. The Board had used CETA revenues, in part, to hire security personnel and security guards. When these funds were cut by the Reagan administration, the salaries of these hall monitors had to be shifted into the Education Fund. Nearly all federal revenues are earmarked; they can only be used for very specific purposes.

Secondly, the important Elementary and Secondary Education Act (ESEA), which provided federal aid specifically targetted for the most disadvantaged children in the school system, increased and decreased sporatically. In 1982 this program was reconstituted as the Education Consolidation and Improvement Act and initially received lower levels of funding in the first years of the Reagan administration. Recent changes, showing increased federal revenues under this program, are the result of the introduction of the 1980 census data to identify levels of poverty. Specifically, the Board is now able to use the results of the 1980 census to show that its student body is poorer, and thus merits a greater portion of targetted monies to aid the disadvantaged.

Lastly, the only program that showed rather continuous growth in contributing to the Chicago system's revenues was the lunchroom program. Federal funding in this program increased by nearly six times.

In constant dollar terms, shown on Table 16, federal revenues display the same uneven trends. Overall, federal revenues just kept pace with inflation, increasing from $64.3 million (in 1967 dollars) in 1970 to $66.5 million in 1983. However, federal revenues to the Chicago Public Schools reached their peak in constant dollars at $83.6 million in 1975. During the 1978 fiscal year, federal revenues almost reached this level in constant dollars again, but have since declined.

Similar findings are evident in two of the other large federal sources of revenues. ESEA/ECIA was actually somewhat lower at the end of the period than at the beginning, dropping from $28.9 million to $26.2 million -- a 9% decline. ESEA/ECIA funds first rose to a peak of $46.5 million in constant dollars in 1975 before dropping to the lower levels. Lunchroom funds more than doubled, in constant dollar terms, rising from $10.0 million in 1970 to $26.7 million in 1978, but then declining to $23.0 million. Without this rise in constant dollar lunchroom revenues, federal revenues would have fallen off significantly when matched against inflation.

SECTION V: COMPARING BUDGETED AND ACTUAL REVENUES

The Board of Education deals with revenues in two differnt ways: it estimates what resources will be available in the upcoming school year (budgeted revenues), and the revenues itrecognizes as received or receiveable (due to the Board at some future time) after the end of the fiscal year. In this study, the year end financial reports of the Board have been the main source of data. These reports are audited and reflect most accurately what the Board actually brought in. It is important to ask: was the Board accurate in projecting revenues for the upcoming school years leading up to the fiscal crisis? Also, how well does the Board estimate its revenues at present?

To answer these questions, it is necessary to compare the Board's budget with its financial reports. Fortunately, this is possible. In this study, revenue data from the Board's annual budget was also collected from the 1970 fiscal year to the present. This revenue data was formatted in such a fashion as to make it directly comparable to financial report data. Budgeted data for the Chicago Public Schools from 1970-1983 are presented on Table 17. It is important to stress that this data is derived from original budgets approved by the Board before the beginning of each fiscal year. This data does not reflect subsequent revisions that are made in amended budgets approved throughout the fiscal year. Thus it is possible to directly analyze the revenue estimates presented in the budget which is subject to public hearings, and eventually approved by the Board as the basis of revenues and expenditures for that fiscal year.

Budgeting or estimating revenues for public agencies in Illinois is a complex affair. Property tax revenues must literally be predicted two years before the tax bills are actually calculated and sent out to the taxpayer. Property assessments and the state equalizer change annually, after budgets have been adopted. Additionally, public schools are heavily dependent upon state aid that is calculated on a complex set of formulae that are (and have been) changed by action of the state legislature. Estimating revenues may be difficult but it is nevertheless legitimate to ask just how well the Chicago Board of Education performs this management function.

The budgeted revenue data shows the same trends already identified. The limited rate levies were anticipated to bring in nearly identical receipts in 1982 as they were in 1972 (the year of the last rate increase). In contrast, the floating rate levies were expected to generate sharply increasing revenues. The dramatic increase in current

TABLE 17:
Reported Revenue, Chicago Board of Education
Current Dollars (in millions), 1970-1983

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	225.0	217.5	238.8	253.2	177.5	244.3	228.0	214.1	214.1	237.0	186.2	222.4	181.2	202.3
Building Fund	31.7	46.9	50.0	61.4	31.4	50.8	33.7	47.9	49.8	44.1	43.2	58.6	50.9	56.8
Playground Fund	6.7	6.2	6.9	7.1	5.3	6.4	6.4	6.4	6.6	5.9	5.8	7.3	6.8	7.6
Textbook Fund	9.0	8.3	12.4	13.1	9.5	11.6	11.8	11.7	12.2	10.8	10.6	12.6	12.5	13.9
TOTAL LIMITED RATE LEVIES	272.3	278.9	308.1	334.8	223.7	313.1	279.9	280.1	282.8	297.8	245.7	297.0	251.5	280.6
FLOATING TAX RATE LEVIES														
Teacher's Pension	13.9	13.2	17.7	21.5	15.4	23.0	26.8	27.9	39.4	28.2	36.1	43.0	41.5	43.5
FSC/Oper-Main	8.0	0.0	0.9	3.2	4.2	3.5	4.7	8.3	9.6	11.0	5.3	11.0	14.4	16.0
FSC/Rent	6.1	14.5	13.8	15.3	14.8	22.4	20.9	21.3	21.2	15.4	23.8	21.0	20.8	7.8
Bond Redemption	23.4	26.8	30.5	32.0	32.0	46.0	51.7	60.6	60.3	40.9	51.3	42.5	39.8	36.9
Workmen's Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	2.8	6.0	13.1	13.5
TOTAL FLOATING TAX LEVIES	43.4	54.5	62.9	72.0	66.5	94.9	104.1	118.2	130.5	99.5	119.2	123.5	129.7	119.7
TOTAL TAX LEVIES	315.7	333.4	371.0	406.8	290.2	408.0	384.0	398.2	413.2	397.3	364.9	420.5	381.1	400.3
OTHER REVENUES	13.5	9.3	44.2	21.6	13.6	17.6	13.8	20.9	25.4	25.4	25.2	40.3	35.9	63.3
Lunchroom Sales	9.8	9.1	8.8	9.0	6.3	9.9	9.1	10.1	10.6	14.3	10.3	9.5	9.8	10.3
TOTAL LOCAL REVENUES	339.0	351.8	424.0	437.4	310.1	435.5	406.9	429.2	449.2	437.0	400.4	470.3	426.8	473.9
STATE REVENUES														
Distributive Fund	189.6	209.4	222.2	250.6	197.4	365.1	360.1	454.0	478.6	486.2	515.1	539.6	530.0	520.3
Special Education	16.5	17.0	24.9	26.6	27.7	39.5	50.9	54.1	56.7	66.2	72.9	71.2	73.6	73.7
Other	5.6	7.1	8.4	11.0	7.8	10.2	21.7	32.6	27.6	27.4	95.9	96.9	88.1	85.2
TOTAL STATE REVENUES	211.8	233.5	255.5	288.2	232.4	414.7	432.7	540.7	562.9	579.8	683.9	707.7	691.7	679.2
FEDERAL REVENUES														
ESEA	32.9	38.1	39.0	43.8	32.7	69.3	50.5	52.1	61.3	71.2	80.8	74.5	64.2	76.9
OTHER REVS	28.9	27.5	29.5	22.9	15.4	20.6	25.2	26.8	39.6	40.6	46.6	48.7	39.5	51.2
LUNCHROOM	11.3	16.2	22.4	25.7	17.5	38.7	36.0	44.1	47.7	48.2	54.7	58.5	58.4	67.5
TOTAL FEDERAL REVENUES	73.1	77.8	90.9	92.0	65.6	128.6	111.7	122.6	148.6	160.0	181.7	181.7	162.1	195.6
TOTAL OPERATING REVENUES	623.8	663.1	770.3	817.6	608.1	978.9	951.3	1092.5	1160.7	1176.9	1266.0	1359.6	1280.6	1348.7
TOTAL SALE OF BONDS	0.0	25.0	35.0	55.0	0.0	90.0	100.0	45.0	60.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUES	623.8	688.1	805.3	872.6	608.1	1068.9	1051.3	1137.5	1220.7	1176.9	1266.0	1359.6	1280.6	1348.7

TABLE IH:
BUDGETED REVENUES 1970-1983
CURRENT DOLLARS (IN MILLION'S)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
EDUCATION FUND	211.6	222.5	243.3	247.5	161.2	230.6	225.7	224.6	230.7	224.6	224.1	204.4	243.6	254.2
BUILDING FUND	29.6	31.9	51.3	52.8	31.4	46.3	39.6	47.9	49.2	47.9	47.8	54.3	52.3	63.4
PLAYGROUND FUND	6.3	6.6	6.9	7.0	4.6	6.6	6.4	6.4	6.6	6.4	6.4	7.2	7.0	7.6
TEXTBOOK FUND	8.4	8.9	12.7	12.9	8.4	12.0	11.8	11.7	12.2	11.7	11.7	13.3	12.8	13.9
TOTAL LIMITED RATE FUNDS	256.0	270.0	314.2	320.2	205.6	295.5	283.5	290.5	298.7	290.6	290.0	279.2	315.7	339.1
FLOATING RATE LEVIES														
TEACHERS PENSION	13.9	14.6	18.7	21.3	15.4	22.1	26.8	34.7	31.8	42.3	42.7	45.8	48.7	50.5
PBC/OPER-MAIN	.0	0.2	0.9	3.3	4.2	3.5	4.8	8.3	9.6	11.0	11.3	12.5	15.6	16.2
PBC/RENT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.4	21.3
BOND REDEMPTION	24.2	23.0	26.3	28.3	32.0	29.6	37.6	49.2	53.0	56.4	51.4	48.3	47.7	46.7
WORKMAN'S COMP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	3.5	6.0	13.2	13.6
TOTAL FLOATING RATE LEVIES	38.2	37.8	45.8	53.0	51.6	55.3	69.1	92.3	94.4	113.7	108.9	112.7	146.7	148.4
TOTAL TAX LEVIES	294.2	307.7	360.1	373.2	257.2	350.7	352.6	382.8	393.1	404.2	398.9	391.9	462.4	487.5
MISC. REVS.	9.2	8.1	6.7	5.7	8.5	21.2	7.8	6.3	6.9	17.1	8.3	8.3	28.7	21.9
LUNCHROOM SALES	0.0	0.0	0.0	10.0	6.8	9.1	10.3	9.5	10.2	10.9	17.2	10.5	10.5	9.6
TOTAL LOCAL REVENUES	303.3	315.8	366.7	388.9	272.5	381.0	370.7	398.7	410.2	432.3	424.4	410.7	501.6	518.9
STATE REVS														
DISTRIB FUND	147.2	204.9	183.2	186.5	161.6	307.1	368.5	404.8	409.7	431.3	445.1	475.7	495.4	480.0
SPECIAL EDUCATION	16.1	16.9	19.6	22.2	19.5	42.2	46.5	48.0	56.7	61.0	69.9	70.0	63.3	67.6
OTHER	27.6	34.1	34.8	52.3	40.3	63.4	73.3	70.7	75.5	86.6	86.6	77.4	84.8	101.0
TOTAL STATE REVS	190.9	255.9	237.6	261.0	221.4	412.7	488.3	523.5	541.9	578.8	601.5	623.1	643.5	648.6
FEDERAL REVS														
ESEA	28.3	31.5	39.9	44.9	40.5	62.3	68.9	58.2	66.8	80.4	91.2	83.2	70.5	73.2
OTHER	33.9	37.7	37.0	36.0	16.0	21.4	35.3	34.1	45.1	65.0	95.3	55.8	36.9	44.7
LUNCHROOM	0.0	0.0	0.0	23.8	16.1	28.4	34.8	37.1	44.8	50.9	48.0	56.2	62.3	62.3
TOTAL FEDERAL REVS	62.2	69.3	76.9	104.8	72.6	112.1	139.0	129.4	156.7	196.3	234.5	195.3	169.7	180.2
TOTAL OPERATING REVS	556.4	641.0	681.2	754.7	566.5	905.8	998.1	1051.5	1108.9	1207.4	1260.4	1229.1	1331.3	1347.7
SALE OF BONDS	0.3	0.2	0.5	50.3	86.5	193.3	127.8	97.0	48.6	48.1	62.5	0.0	0.0	0.0
TOTAL REVENUES	556.7	641.3	681.7	805.0	653.0	1099.1	1125.8	1148.5	1157.5	1255.5	1322.9	1229.1	1331.3	1347.7

dollar revenues from the state is also evident here, as is the incremental rise of federal dollars. It is also important to notice the projected bond sales. From 1973 until the fiscal crisis (caused in no small way by the Board's inability to sell further bonds), the budgeted bond sales were as follows:

1973	1974	1975	1976	1977	1978	1979	1980
50.3	86.5	193.3	127.8	97.0	48.6	48.1	62.5

The Board in these years planned to incur additional long term debt. Much of these bond offerings were for new construction and rehabilitation of school buildings.

Table 18 presents the current dollar revenues derived from the year end financial reports. This table is only different from Table 1 in format. The format change makes the comparison to budget revenues possible. (However, it is necessary to point out that the overestimations of property tax levies originally reported in the financial report have, in all the tables in this study, already been subtracted.) To create a table of "differences", each entry on Table 18 was subtracted from the comparable entry for the budgeted data on Table 17. Table 19 shows the results of this comparison. The signs (+ or -) of the data should be interpreted in the following way: a positive number means the Board received more revenues during a given fiscal year than had been anticipated in the budget. Minus numbers mean that the actual revenues during the year did not reach the level anticipated in the budget.

The data on this difference table show that the Board budgeted quite accurately the revenues anticipated in the property tax levies. In the years leading up to the crisis, the Board only seriously overestimated the fixed levy revenues by $6.1 million in 1972, $10.5 million in 1977, and $16.0 million in 1978. In terms of total property tax receipts (fixed and floating), the Board actually underestimated the property tax revenues. Serious recent over budgeting in the fixed levy revenues is the result of adverse changes in the EAV in 1980, and losses in the Education Fund levy because of removal of the .50/$100 EAV from this fund when the School Finance Authority was set up. Particularly interesting is the difference between the budgeted aid from the state and the actual reported revenues. With the exception of one year, the Board underestimated the levels of state general distributive aid in its budget. In other areas of state aid, the Board up through fiscal 1979, unable to accurately anticipate these

TABLE 19:
DIFFERENCE BETWEEN Reported Revenues & BUDGETED REVENUES, Chicago Board of Education
Current Dollars (in millions), 1970-1983

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	13.4	-5.0	-4.5	5.7	16.3	13.7	2.3	-10.5	-16.6	12.4	-38.0	18.1	-62.4	-51.9
Building Fund	2.0	15.0	-1.3	8.6	0.0	4.5	-5.9	0.0	0.6	-3.8	-4.6	0.3	-1.3	-6.6
Playground Fund	0.8	-0.8	.0	0.1	0.7	-0.2	.0	0.0	0.1	-0.5	-0.6	.0	-0.2	0.0
Textbook Fund	0.5	-0.6	-0.3	0.2	1.1	-0.8	.0	0.0	.0	-0.9	-1.1	-0.7	-0.3	.0
TOTAL LIMITED RATE LEVIES	16.3	8.9	-6.1	14.6	18.1	17.6	-3.6	-10.5	-16.0	7.2	-44.3	17.7	-64.2	-58.5
FLOATING TAX RATE LEVIES														
Teacher's Pension	0.0	-1.8	-1.0	0.2	0.0	0.9	.0	-6.8	7.7	-14.1	-6.6	-2.8	-7.3	-7.0
PBC/Oper-Main	.0	-0.2	.0	-0.1	.0	.0	-0.1	.0	.0	0.0	-6.1	-1.6	-1.3	-0.2
PBC/Rent	6.1	14.5	13.8	15.3	14.8	22.4	20.9	21.3	21.2	15.4	23.8	21.0	-0.5	-13.5
Bond Redemption	-0.9	3.8	4.2	3.7	.0	16.4	14.2	11.4	7.2	-15.5	-0.1	-5.8	-7.9	-7.8
Workman's Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.7	.0	-0.1	-0.1
TOTAL TAX LEVIES	21.6	25.7	10.9	33.6	32.9	57.3	31.4	15.4	20.1	-6.9	-34.0	28.6	-81.3	-87.2
OTHER REVENUE & LUNCHROOM	14.1	10.3	46.3	14.9	4.6	-2.8	4.8	15.2	18.9	11.7	10.0	31.0	6.5	42.1
TOTAL LOCAL REVENUES	35.7	36.0	57.2	48.5	37.5	54.5	36.2	30.6	39.0	4.7	-23.9	59.5	-74.8	-45.0
STATE REVENUES														
Distributive Fund	42.4	4.5	39.0	64.0	35.8	58.0	-8.4	49.2	68.9	54.9	70.0	63.9	34.6	40.3
Special Education**	0.4	0.1	5.3	4.4	8.2	-2.8	4.8	6.1	-0.1	5.2	3.0	1.2	10.3	6.1
Other	-22.0	-27.1	-26.4	-41.3	-32.9	-53.2	-51.6	-38.1	-47.9	-59.2	9.3	19.5	3.3	-15.8
TOTAL STATE REVENUES	20.9	-22.4	17.9	27.1	11.1	2.0	-55.6	17.2	20.9	1.0	82.4	84.6	48.2	30.6
FEDERAL REVENUES														
ESEA	4.5	2.5	-0.9	-1.5	-7.7	7.0	-18.4	-6.1	-5.5	-9.2	-10.8	-8.8	-6.3	3.7
OTHER REVS & LUNCHROOM	6.3	6.0	14.9	-11.2	0.8	5.5	-8.9	-0.7	-2.6	-27.1	-42.0	-4.8	-1.3	11.7
TOTAL FEDERAL REVENUES	10.9	8.5	14.0	-12.7	-7.0	12.5	-27.3	-6.8	-8.1	-36.2	-52.8	-13.6	-7.6	15.4
TOTAL OPERATING REVENUES	67.5	22.1	89.1	62.9	41.7	69.1	-46.8	40.9	51.8	-30.5	5.6	130.5	-50.7	1.0
TOTAL SALE OF BONDS	-0.3	24.8	34.5	4.7	-86.5	-103.3	-27.8	-52.0	11.4	-48.1	-62.5	0.0	0.0	0.0
TOTAL REVENUES	67.1	46.8	123.6	67.6	-44.8	-34.2	-74.5	-11.1	63.2	-78.6	-56.9	130.5	-50.7	1.0

revenues. In large part, this is attributable to the state's propensity to solve its own budgeting problems by refusing to allocate enough money to pay all the claims for reimbursements against it. When this happens (a regular occurence), the state simply refuses to pay part of the reimbursement by prorating each claim -- agreeing to pay only 70% or 80% or whatever percent meets the amount allocated. For example, in the 1979-80 school for the Special Education Transportation Fund, the state agreed to pay only 93.9% of these claims. Thus, a local Board of Education must project its costs for these programs, but will not know until June of that year what proportion of its claims it can expect to collect. The Board must rely on historical trends to budget revenues accurately. But such a process is the political liability of being a self-fulfilling prophecy.

The most important finding on Table 19 pertains to the inability of the Board to sell bonds at the levels established in the budget. This data shows us that while the Board wished to incur further and substantial long term debt, they were unable to do so. The large negative numbers in fiscal 1974, 1975, 1977, 1978, and 1980 show graphically the perceived financial weakness of the Chicago Public Schools in the financial and bond markets. Since the fiscal crisis, the Board has been unable to establish an adequate bond rating under which it can sell bond notes.

One finding is not immediately evident from Table 19. This pertains to the Board's reluctance, in the early 1970s, to recognize the problems it was experiencing in collecting property taxes. During this period, the Board would only recognize a loss and cost factor of 4% (the percentage of all property tax collectables acknowledged would never be received). This was during the period in which the Corporate Personal Property tax was increasingly being ignored by businesses in Chicago. The losses totalled, as noted above, nearly $500 million. From 1970 until 1974, the Board refused to acknowledge this problem. In the annual financial reports, the Board continued to recognize as revenues property taxes that were uncollectable.

Up until 1974, the Board maintained the facade of collecting up to 96% of all property taxes owed to it. In 1974, a short fiscal year, the Board was able to write off these losses from their books because of the relatively advantageous financial position in which they found themselves in at that time. The short year (8 months: January 1 - August 31) included only six months of the school year (a half year's expenses) with two-thirds of a year's revenues. Thus surplus revenues were available ($37.6 million) to write off a sizeable portion of the accumulated losses from uncollectable taxes. A picture of the accumulated uncollectable taxes (overestimations) is necessary to understand the Board's true picture:

TABLE 20: OVERESTIMATIONS OF PROPERTY TAX LEVIES (in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979
TOTAL TAX LEVIES	315.7	369.4	392.0	397.8	252.6	411.5	370.1	408.7	402.7	397.2
(OVER) UNDER ESTIMATES	0.0	(36.0)	(21.0)	9.0	37.6	(3.5)	13.9	(10.5)	10.5	0.0
ADJUSTED TOTAL LEVIES	315.7	333.4	371.0	406.8	290.2	408.0	384.0	398.2	413.2	397.2

This chart shows that a huge loss had been accumulated by 1972. A small surplus nibbled into that loss in 1973. The loss was significantly reduced during the short fiscal year of 1974, increased by $3.5 million in 1975, but was wiped out in 1976 (the year during this study in which revenues did not increase from the preceding year). In 1977, as non-payment of the Corporate Personal Property tax was reaching catestrophic level (54% of this tax was not paid in 1977, up from 42% in the prior year), another $10.5 million overestimate occurred, which was wiped out in the ensuing year.

Since the demise of the Corporate Personal Property Tax and the creation of the School Finance Authority which must approve all revenue estimates, the overall revenue estimates of the Board have been quite accurate, with the exception of 1982 when the budget appears to contain the expectation the the state legislature would restore the full levy to the Education Fund (in that year the Board's budget was approved the end of the legislative session; after that year the School Finance Authority moved the data for submission of the Budget back to July 17th, after the end of the legislative session). Thus, on the revenues side, as on the expenditures side (reported in the Panel's earlier study), the Board's fiscal practices have been quite responsible in recent years. This represents a startling improvement over the practices of the early 1970s. The addition of professional staff and the oversight of the School Finance Authority have both contributed to this new fiscal integrity.

SECTION VI - THE SCHOOL FINANCE AUTHORITY

The Chicago School Finance Authority was established by the Illinois legislature as a response to the fiscal crisis the Chicago Board Education experienced in the Fall of 1979. The Finance Authority was legally constituted on January 16, 1980. The legislation which established the Authority gave it distinct powers and responsibilities over the Chicago School Board. The Finance Authority was mandated to directly oversee the finances of the Board. The Finance Authority must certify annually that the Board's budget is balanced in toto; the Authority must approve the Board's Three Year Financial Plan; and it approves the chief financial officer of the Chicago Public Schools. The S.F.A. was granted a floating tax levy on Chicago real estate to underwrite this bond offering.

Since the 1979 crisis, the School Finance Authority has played a critical role in the Board's financial affairs. This is true on both the revenue and expenditure sides of the Board's finances. As such, its activities are relevant for this study. Three subjects are of direct referance to the Board's revenues: the direct cash support provided by the Finance Authority to the Board in the 1980 and 1981 fiscal years, the Authority's tax levy, and the requirement that the Board use both accrual and cash accounting to account for its finances. In the legislation creating the Authority, the state legislature mandated that the Board balance its annual budget on both accounting methods. This latter point is very important in the situation the Board faces for the 1985 fiscal year

I THE RESPONSIBILITIES AND POWERS OF THE SCHOOL FINANCE AUTHORITY

The Chicago School Finance Authority is a political body independent of both the School Board and the City of Chicago. It has a completely independent taxing authority. The Authority is composed of a five member Board of Directors jointly appointed by the Governor and the Mayor. The Authority was given two basic powers: to sell $573 million of bonds to free the Board of its short term debt, and to exercise strict financial control over the Board. To pay off this debt the Authority was granted a levy to tax at whatever rate and in whatever amounts necessary to pay the principal and interest of these bonds. The operating expenses of the S.F.A. are also met by this levy.

The Authority has far reaching, but narrowly constrained powers. The Authority's powers over the School Board are limited to financial matters. The responsibility to actually operate the schools is the sole responsibility of the Board. The Finance Authority can only accept or

reject the Board's budget in total. It cannot accept, reject, or change line items in the budget. The Authority can only determine, on the basis of revenue projections, the total amount of expenditures which the Board cannot exceed. And, the Finance Authority can only accept a budget if it is balanced. The approval of the budget by the Finance Authority is very important: the Board cannot spend any money in any fiscal year unless the budget has been approved by the School Finance Authority.

The Finance Authority exercises its financial responsibilities through the annual approval of three documents produced by the Board. These are the Three Year Financial Plan, the Budget for the upcoming fiscal year, and major contracts, including union contracts.

The January 1980 Legislation that created the Finance Authority also required the Board to prepare a Three Year Financial Plan. The Financial Plan is important for a number of reasons. First, it requires the Board to plan its finances beyond the current year in order to assess the consequences in future years of current actions. Second, budgets must conform to the Financial Plan. In other words, the Finance Authority will approve the annual budget if it is not only balanced, but conforms to the Financial Plan. In the Financial Plan, the Board projects revenues and expenditures over three years, (the current year and two subsequent ones), identifies deficits, and demonstrates how any projected financial imbalances will be corrected. The law does not require that the Financial Plan show, in each year, a balance between revenues and expenditures. The law does require that the Board submit a reasonable plan to eliminate these projected deficits. This requires the Board, in other words, to outline the steps it will take to eliminate the imbalances in the future budgets it will present to the Authority.

The annual budget is also submitted to the Authority. It estimates total revenues and projects expenditures for the year. Once the Board comes up with their estimates of revenues, the Authority's accountants review these estimates in detail. If the Board and Authority disagree on these revenue estimates, the Authority has statutory power to unilaterally determine the level of expected revenues and to insist that this figure be the basis for the budget.

Once the estimate of revenues has been set, it is the sole responsibility of the Board to determine the way these monies are to be spent. The Authority has no power to accept or reject any individual expenditure. The Authority's approval of the budget is limited to assuring that the Board's total expenditures do not exceed the total estimated revenues. The School Finance Authority, by law,

must reject any budget in which the total expenditures exceed estimated revenue. If a budget is not approved by the Authority, the Board by law, cannot spend any money. The system must close down until a balanced budget is accepted.

There are two expenditure areas in which the Finance Authority concerns itself with more than just total amounts: revenues from the sale of capital assets, and contracts for services exceeding $10 million or obligating funds from future year budgets. In recent fiscal years, the Board has increased its revenues through a series of one time receipts. Some of these have involved the sale of capital assets, such as the $16.5 million sale of Midway Airport in fiscal 1982. The Authority has insisted that such revenues can only go to capital expenses. The sale of capital assets cannot be used in operating funds. The other area, that of contracts, is more important. The state legislature also empowered the Authority to review any type of contract the Authority designated, and that these contracts would not become binding on the Board until approved by the Authority. The Authority reviews two types of contracts: leases covering more than three year periods and all labor and service contracts exceeding $10 millon. Long term leases are reviewed to determine if their real costs have been properly identified. In both cases, however, the powers of the Authority are limited. The Authority can only reject leases or contracts if they are inconsistant with, and exceed, approved Financial Plans and Budgets.

The basic powers of the Authority are exercised through review and approval of the Board's Three Year Financial Plan (due May 1 of each year) and its annual budget (due July 17). In both cases, the Finance Authority can only approve or reject these documents in total. The Three Year Financial Plan is required to estimate revenues and expenditures, identify imbalances, and develop a plan to eliminate deficits in the budgets to be submitted for these years to the Authority. The Authority is required to approve the Financial Plan if the plan is "reasonably capable of being achieved." The annual budget must estimate revenues and demonstrate that total expenditures will not exceed revenues. The Financial Authority can only accept the budget and permit the Board to begin operations if the budget is balanced.

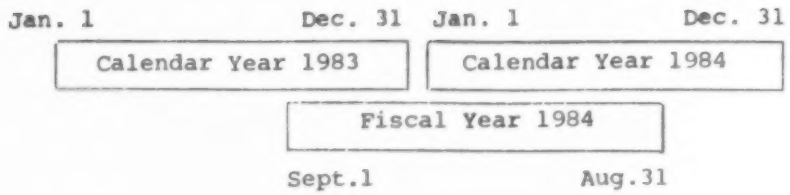
II. CASH AND ACCRUAL ACCOUNTING

As part of the legislation creating the School Finance Authority, the state legislature also mandated that the Board's budget must be balanced on both an accural and a cash basis. These are basic accounting techniques which count revenues and expenditures in different ways. Currently

the Board's fiscal year is September 1 to August 31 of the following year. Under cash accounting, only those revenues actually received in the fiscal year can be recognized as revenues. Correspondingly only those expenses that were actually paid out during the fiscal year are treated as current expenditures for that year. Accrual accounting is more complex, but is the more common business practice. Under accrual accounting, revenues and expenses are recognized on the basis of when commitments are made, not when the cash revenues are received or expenses paid out. Rather, expenses are recognized for the fiscal year in which they are incurred (even if paid for later); revenues are recognized for the fiscal year for which local taxes are extended and State or Federal aid is appropriated. Bills can be actually paid months after the end of a fiscal year and still be accrued to that fiscal year. Similarly, revenues can be received long after the close of a fiscal year and still be treated as revenues for that year.

A comparison to personal finances with a credit card as the means of payment is particularly apt. Let's say your fiscal (or tax) year is the same as the Board's, you go to dinner on August 31 and use a credit card to pay for it. Under cash accounting this is not an expense until you receive the bill, say in October. That is, it is an expense in the following fiscal year when you actually pay it. Under accrual accounting, it is an expense on August 31, not in October. Revenues work the same way. Let's say you worked for someone for the last two weeks of August, and the next pay day is in September, (the next year), when you actually received the check. Under accrual accounting these revenues are recognized in August, but under cash accounting they are recognized in the following year, when received.

This is particularly important from the Board's perspective with regard to revenues. The differences between the fiscal year of the Board (September 1 to August 31) and that of the County Clerk or Treasurer (January 1 to December 31) become important. The Board's property tax levies are actually extended in two bills by the Clerk's office, in March and August of each year. Both of these extensions fall within the Board's fiscal year. Under accrual accounting, taxes are billed for the calendar year. But only two thirds of the calendar in included within the fiscal year of the Board of Education. Thus, each fiscal year's budget actually contains recognitions of property tax revenues which derive from one-third (September - December) of the previous calendar year, and two thirds from the calendar year (January - August) in which the fiscal year ends:



Thus, one-third of all 1983 taxes and two-thirds of all 1984 taxes recognized as revenues for the Board of Education for FY 1984. However, under cash accounting, what is actually received is what is recognized as revenue. Receipts from the August 1983 tax bills are paid to the Board in September and thus count as FY 1984 cash receipts, as do the payments on the March 1984 tax bills. Thus, for cash accounting, if tax rates do not change, half of 1983 taxes and half of 1984 taxes are counted as cash revenues to the Board. However, if tax rates change, as they did in 1983, the picture becomes more complex.

III. REVENUES FROM THE SCHOOL FINANCE AUTHORITY

The School Finance Authority was empowered to sell $573 million in bonds to pay off the Board's short term debt. In the 1980 and 1981 fiscal years, the Finance Authority provided the Board with $447.6 million working cash: $298.9 in fiscal 1980 and $148.7 in fiscal 1981. Without this cash, accumulated through the bond issue of the School Finance Authority, the schools could not have operated. The $447.6 million should be considered as a permanent working cash reserve for the Chicago Public Schools. It is money from which the Board can pay its bills before it receives the tax revenues levied against those expenditures.

This cash pool did not come free, either to the Board or to the taxpayer. The Board, as was shown above, lost a portion (0.50/$100 EAV) of its property tax levy from the education fund. The legislation was clear on the issue of not increasing the overall tax burden for the Board and Authority together. The creation of the School Finance Authority, and the granting of its tax levy, was not to increase the overall levies extended to the taxpayers. Rather, the Board's education levy was reduced as the Authority levy was authorized. The way this worked out is very complex and will be dealt with in the following section. In simple form this much can be said: the Board's Education Fund levy, originally at $2.11/$100 EAV, was reduced to $1.61/$100 EAV. This was a 24% reduction in the property taxes for the Board's important Education Fund. The

effect of this creation of the School Finance Authority, with responsibility to service and pay off the bonds sold in 1980 and 1981, has been that the Board has had property tax revenues siphoned off to pay off the short term debt that had become unmanageable in 1979.

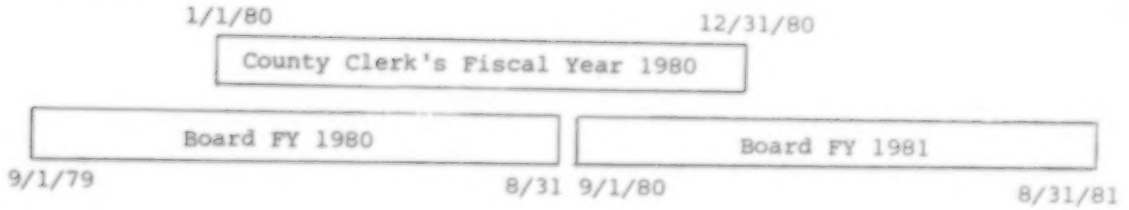
For the taxpayers, the cost of the 1979 crisis is long-lived, expensive, and hidden. The creation of the Chicago School Finance Authority, and its authorization to issue bonds to provide needed cash to the Board, was not the only possible solution to the problem. An immediate property tax increase for the Board to deal with the immediate crisis was also possible. The solution of long -term bond indebtedness for the School Authority has particular costs. Bond notes carry interest payments, and the bonds sold by the Authority were long term bonds. The costs to the taxpayers are 1) the principal (viz., the $573 million), and 2) the interest on these bonds over the 29 year life of these notes. The interest will exceed $1.2 billion dollars. In other words, the taxpayers will be paying $1.77 billion (principal and interest) over the next 25 years as a result of the crisis in 1979. Taxpayers in Chicago will not be relieved of this burden until the year 2009.

IV. COMPOSITE RATE TAX LEVIES

The School Finance Authority was granted a floating property tax levy beginning in 1980 to support and pay off its bond offering. At the same time, the state legislature reduced the Boards levy for the Education Fund to $1.61/$100 EAV. The extension of the Finance Authority's levy and the reduction of the Education Fund Levy did not, however, occur all at once. The change in the Education Fund levy was phased in. Again, the issue of the staggering of the fiscal years of the Board and the County Clerk's office is relevant. (The Finance Authority adopted the same fiscal year as the Board--September 1 to August 31.) The difference in fiscal years becomes important because instead of extending its levy at the same rate on both the March and August bills, the School Board rate in the Education Fund has been different. This is because of the phase in of the lowered Education Fund levy and the introduction of the School Finance Authority levy.

The County Clerk's office extends property tax Levies on a calendar year basis. Two-thirds (i.e., eight months) of one of the Board's fiscal years falls into this calendar year, and one-third (four months) of the next. For 1980, which is the first year of relevance here, this can be clearly seen in Figure 6:

Figure 6



Normally, the Board's Education Fund levy is $2.11/$100 EAV. In consecutive years in which the rate remains the same, this staggering of fiscal years would matter little. The Edcuation Fund levy was reduced by $0.50/$100 EAV to $1.61/$100 EAV for the 1981 school year. So, in 1980, we are talking about <u>two</u> tax levies. What could have been done is portrayed in Figure 7. In this Figure, the Clerk's office would extend <u>for the entire calendar year</u>, the education levy at $1.61, and the Finance Authority at $.50/$100 EAV:

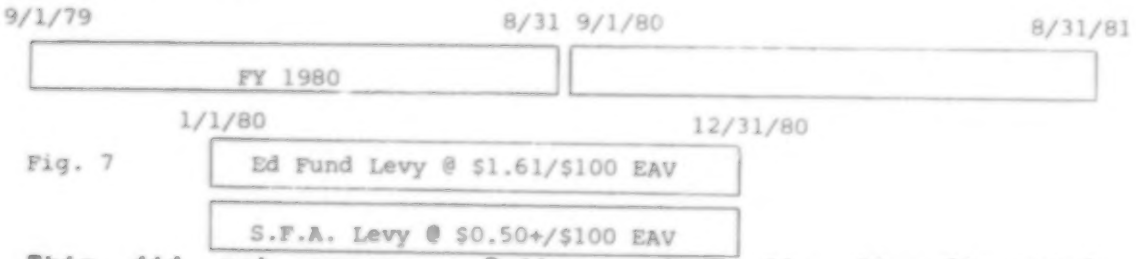
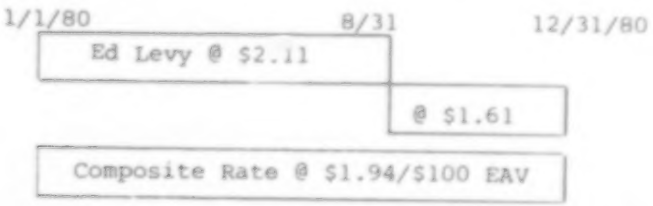


Fig. 7

This did not occur. Rather, given the dire financial situation of the Board, the Authority permitted the Board to extend the Education levy for 8 months at $2.11/$100 EAV (for that portion of the 1980 School Year) and 4 months at $1.61/$100 EAV. (For the portion of the 1981 School Year) This is shown schematically in Figure 8:

Figure 8



This results in a <u>composite rate</u> of $1.94/$100 EAV for an entire year. The calculation of this composit rate is simple: the education levy was extended for two-thirds times $2.11 plus one-third times $1.61. This works out to the $1.94/$100 EAV rate. The catch to this arrangement is that when the Board's Education Fund levy was restored to the full $2.11/$100 EAV it would, at that time, have to be phased in as well. This was to have occured in 1983. This shown in Figure 9:

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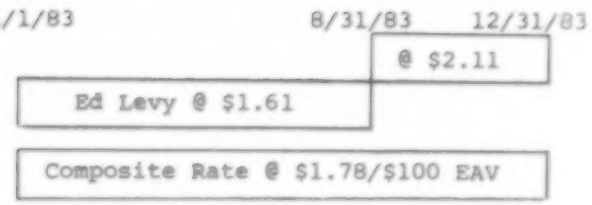
Figure 9



What was to have happened in 1983 was that the Education levy would be extended for 8 months at $1.61, and 4 months at $2.11. This is the mirror image of the original phase in of the reduced levy. In 1983, this would have been another composite rate, this time at $1.78/$100 EAV. This is calculated at two-thirds times $1.61 and plus one-third times $2.11.

This "phase out" of the Education Fund levy at a composite rate did not occur. The Board successfully persuaded the State Legislature to allow it to immediately revert to the $2.11 rate for the 1983-84 school year. The 1983 Education Fund levy was a successful "speed up" of property tax levies. However, in the legislation, the Board was only given this revenue relief for the 1983-84 school year. As things presently stand, the Board must use the composite rate ($1.78/$100 EAV) for the 1984 property tax extension. The difference between the full $2.11 rate and the composite rate of $1.78 is very substantial. It amounts to an estimated loss of $63.4 million in revenues for the 1985 fiscal year for the Board. This revenue loss is included in the Board's projected $171 million deficit for the 1984-1985 school year.

Thus, the legal limits for the Board's Education Fund levy actually changed as follows:

Tax Year 1979	Tax Year 1980	Tax Year 1981	Tax Year 1982	Tax Year 1983	Tax Year 1984
FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
$2.11	$1.94	$1.61	$2.11	$1.78	$2.11

Meanwhile, the School Finance Authority began extending it levy in 1980 in the following pattern:

FY 1981	FY 1982	FY 1983	FY 1984	FY 1985
$0.565	$0.510	$0.37	$0.435*	NA

*estimated

Thu , contrary to expectation, the taxpayer did experience a tax increase in the first year of the Authority's existence. In fact, because the Authority did not require the use of all of the reserved $0.50/$100 EAV levy, taxpayers actually experience the expected equivalence of taxes in the 1982 fiscal year, but only in that year. In each other year, the combined tax rate exceeded the $2.11/$100 EAV.

	FY 1980	1981	1982	1983	1984
ED Fund	$1.967	$1.943	$1.61	$2.11	$1.78
SFA	--	.565	.51	.37	.435*
Combined Total	$1.967	$2.32	$2.12	$2.48	$2.215
Total of all School by Levies	$3.628	$3.597	$3.445	$3.826	$3.689
SFA	--	.565	.51	.37	.435*
Total All School Related Levies	$3.628	$4.162	$3.952	$4.197	$4.12

*estimated

As can be seen from these figures, the restoration of the full $2.11 rate for the Education Fund merely returns TO the Board the taxing capacity it had prior to the financial crisis, when its revenues were already inadequate to meet its expenditures. However, when combined with the School Finance Authority rate, it represents the first permanent property tax increase for education experienced by Chicago taxpayers since 1972.

SECTION VII - CHICAGO: IN THE MID-RANK OF OTHER MAJOR SCHOOL SYSTEMS

I. INTRODUCTION

The financial difficulties the Chicago Public Schools have experienced are not unique when compared to the financial picture of other large metropolitan school systems throughout the United States. The Philadelphia schools are running large deficits and are annually, like Chicago, threatened with closure. Cleveland has had its schools closed by long and bitter teacher's strikes which were caused by continuing inadequate revenues coupled with the pressures of controversial school busing for desegregation. There are contrasting cases, however. Houston schools are enjoying an explosively expanding tax base associated with the growth of that Sunbelt city. The Denver public schools are also experiencing a relatively healthy fiscal situation.

The structure, sources, and adequacy of school revenues vary widely among the large city school systems in the U.S. As part of this study, seven other large city school systems were selected to compare to Chicago. The revenues of these systems over a lengthy time span were examined. These systems are Cleveland, Denver, Detroit, Houston, Los Angeles, New York, and Philadelphia. These include the largest public school system (New York); systems which, like Chicago, are experiencing declining enrollments; systems with varying fiscal health and representing a geographic distribution. In addition, there is a wide variety in the sources of revenue and level of contribution of local and state revenues to these public school systems. In some, such as Denver and Houston, school revenues from local property taxes are the largest contributor to school revenues. In contrast, the Philadelphia public schools implement a variety of income, business, and utility taxes, in addition to property taxes, to generate local school revenues. Further, the level of state revenues ranges from a very low level in Colorado to very high in California.

II. BASIC COMPARATIVE FINDINGS

These public school systems vary widely in size of student enrollment and total annual budget. Table 21 presents the enrollments for the eight big city school systems discussed in this section. As expected New York City has the largest student population with 918,384 students this school year. Los Angeles and Chicago rank second and third. Philadelphia, Detroit, and Houston have very similar levels of enrollment at about 200,000. The smallest of the cities examined here are Cleveland and Denver

TABLE 21: LATEST ENROLLMENTS, BIG CITY SCHOOLS

1. New York	918,384
2. Los Angeles	544,328
3. Chicago	435,843
4. Philadelphia	207,782
5. Detroit	202,989
6. Houston	188,463
7. Cleveland	77,377
8. Denver	63,414

Another point of comparison is the size of budgeted revenues available to these large metropolitan school systems. Table 22 shows the total budgeted revenues for the present school year (1983-1984).

TABLE 22: TOTAL REVENUES 1983-1984

1. New York	3,468,756
2. Los Angeles	1,863,970
3. Chicago	1,646,000
4. Philadelphia	716,855
5. Detroit	545,838
6. Cleveland	374,067
7. Denver	254,425
8. Houston	151,207

Generally, the level of total revenues is commensurable with the size of the student enrollment. However, this is not always the case. In particular, Houston has a much lower ranking in terms of total revenues than that of number of students. As a consequence, per student revenues, as quite low in Houston.

Per student, we have seen that the revenues of the Chicago Public Schools have deteriorated with regard to inflation in recent years. How does this compare to other large school systems? Table 23 shows the ranking, in 1979 and 1984, of the eight major cities on the basis of per student revenues in constant dollars. As can be seen, Chicago ranked fifth of eight in 1979 in per student revenues, but had fallen to sixth in 1984. New York showed an increase in rank rebounding from the severe cuts in local budget support under the initial years of the Koch administration. In general, the school systems in the older declining metropolitan areas (Cleveland, Philadelphia, and New York) enjoyed the highest level of per student constant dollars. The Sunbelt systems (Los Angeles and Houston) were the lower ranks when revenues are measured in this fashion.

TABLE 23
RANKING OF SELECTED MAJOR CITY SCHOOL SYSTEMS
Per Student Revenues, in Constant Dollars

1979		1984	
1. Denver	$1,461	1. Cleveland	$1,503
2. Cleveland	1,392	2. New York	1,255
3. New York	1,325	3. Philadelphia	1,233
4. Philadelphia	1,322	4. Denver	1,227
5. Chicago	1,271	5. Los Angeles	1,161
6. Los Angeles	942	6. Chicago	1,121
7. Detroit	863	7. Houston	852
8. Houston	760	8. Detroit	800

As can be seen in Table 24, which shows recent changes in revenues per student in constant dollars for the large city schools, Chicago has fared poorly when compared to other large school systems. Over the last six school years, Chicago's constant dollar per student revenues fell by just under 12%. Indeed, of these eight metropolitan systems, Chicago was in next to last position, faring only better than Denver. Los Angeles and Houston have shown dramatic increases in educational revenues.

TABLE 24: PERCENT CHANGE IN PER STUDENT
CONSTANT DOLLAR REVENUES, 1979-1984

1. Los Angeles	+23%
2. Houston	+12%
3. Cleveland	+8%
4. New York	-5%
5. Philadelphia	-7%
5. Detroit	-7%
7. Chicago	-12%
8. Denver	-16%

Another major difference in the revenues of these large school systems is the respective level of state and local support. The level of tax burden of the public school system (the percent of total property taxes going to the schools) differs widely among these cities. Los Angeles and Houston schools receive about 25% and 20% of all property tax levies. Other systems take a bigger bite: Denver leads with 66% of all property taxes going to the school system. The comparable figures for the other systems are: Philadelphia (48%), Detroit (41%), and Cleveland (35%). In the current school year (1983-1984), the percent of total revenues derived from local property taxes ranges from a low of 16% (in Los Angeles) to a high of 66% (in Denver). Not surprisingly, the proportion of state revenues vary

correspondingly. The State of California provided fully 75% of Los Angeles public school revenues while Colorado provided only 25% of Denver's total revenues. The ranking by percent of total revenues generated from local and state sources for these large school systems for the current school year are given in Table 25.

TABLE 25: LOCAL AND STATE SUPPORT FOR LARGE PUBLIC SCHOOL SYSTEMS, 1983-1984

LOCAL		STATE	
1. DENVER	66%	1. LOS ANGELES	75%
2. HOUSTON	57%	2. DETROIT	60%
3. NEW YORK	46%	3. CHICAGO	45%
4. CLEVELAND	45%	4. CLEVELAND	44%
5. PHILADELPHIA	43%	5. NEW YORK	42%
6. CHICAGO	40%	6. PHILADELPHIA	40%
7. DETROIT	31%	7. HOUSTON	35%
8. LOS ANGELES	16%	8. DENVER	25%

This table shows that the revenues for the Chicago Public Schools, like most of the other large city school systems, do not come primarily from one source. Chicago is somewhat at the low end of the scale in terms of revenues locally generated (ranked sixth), but quite similarly situated in terms of state aid with three other large city systems (Cleveland, New York, and Philadelphia). It should be pointed out that among those systems that rank above Chicago in locally generated revenues, two (New York and Philadelphia) rely on a wide variety of taxes to generate these revenues. They do not totally rely on property taxes for local revenues.

III. REVENUES IN OTHER LARGE CITY SYSTEMS.

To get a good idea of the similarities and differences among these large systems, the structure of revenues of each will be briefly examined.

A. Cleveland. Detailed revenue data are available for the Cleveland public schools over the last six fiscal years (the 1978-1979 to 1983-1984 school years). On one measure, growth in per student constant dollars, Cleveland is among the healthier systems examined. However, revenues must always be compared to expenditures and the Cleveland system has experienced serious fiscal difficulties in recent years. Table 26 provides a detailed breakdown of the revenues of the Cleveland system in current dollars.

Total revenues for the Cleveland school system

TABLE 26:

Budgeted Revenues, Cleveland Public School System, 1979-1984
Revenue Review and Analysis Project, Chicago Panel on Public School Finances

	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984
GENERAL FUND						
LOCAL REVENUES						
General Property Tax	66,060	68,570	69,895	61,584	60,331	81,798
Personal Tangible Prop.	39,180	39,589	37,337	42,221	40,030	54,282
Other Local Taxes	4,870	557	50	36	0	0
Tuition	486	492	486	510	480	355
Interest	1,781	2,252	1,200	1,334	900	1,200
Misc	979	447	408	1,227	915	1,224
LOCAL NON-REVENUE						
Sale of Notes	0	0	24,012	36,676	6,885	12,000
Misc	119	72	975	0	0	0
STATE						
Foundation Program	77,881	74,702	83,644	94,194	99,285	114,890
10% Rollback and Homestead	0	0	0	8,587	8,090	8,080
Other	2,406	2,585	3,427	7,662	58,427	23,200
FEDERAL						
Grants in Aid	1,393	2,000	1,363	737	200	200
OTHER						
Transfer-Deficit Fund Acc.	857	5,458	2,920	6,573	3,000	2,504
Transfer-State Escrow	0	3,449	0	0	0	0
TOTAL GENERAL FUND REVENUES	195,812	200,173	225,717	261,341	278,543	299,733
BOND RETIREMENT FUND						
Property Tax	12,702	12,850	1,282	12,600	10,467	11,623
Tangible Personal Property Tax	6,881	6,492	4,538	5,500	4,700	4,500
Interest	789	1,417	0	500	0	0
Other		9	5	0	0	0
TOTAL BOND RETIREMENT	20,372	20,768	5,825	18,600	15,167	16,123
PERMANENT IMPROVEMENT FUND						
Sale of Permanent Improve	1,322	359	242	361	307	430
Interest	80	71	908	7	0	9
Other	264	11	216	318	301	396
TOTAL PERMANENT IMPROVE	703	324	1,485	632	751	405
FOOD SERVICE						
Sales	1,863	2,106	1,879	2,067	1,798	1,868
Milk Subsidy	96	31	53	58	0	0
Lunch Subsidy	7,289	7,637	8,464	9,310	8,896	8,919
Summer Program	49	0	0	0	0	0
Breakfast Program	1,337	2,898	2,719	2,992	3,077	3,040
Misc	1,645	985	1,016	1,112	1,529	1,597
TOTAL FOOD SERVICE	12,479	13,677	14,131	15,539	15,300	15,424
DPPF FUND						
State of Ohio	6,510	8,065	6,035	8,433	6,850	5,950
WAREHOUSE FUND	1,266	1,559	1,443	1,500	1,831	1,650
AUXILIARY SERVICE FUND						
State of Ohio	4,820	4,364	3,830	3,450	4,130	4,750
Interest	307	429	280	200	335	0
OTHER LOCAL FUND	401	320	574	849	669	325
OTHER STATE FUND	336	971	652	814	978	500
OTHER FEDERAL FUND	25,227	47,341	27,793	36,456	25,825	29,207
TOTAL REVENUES	245,794	274,724	278,407	326,256	331,729	355,147

increased 45% in current dollars since 1979 (the period for which we have data), from $245.8 million to $355.2 million. Local revenues increased 32% from $118 million to $156 million; federal revenues were also up 16% from $35 million to $41 million; and state aid increased most, from $91 million to $157 million (or 71%). The two largest sources of Cleveland school revenues were local property taxes (which represent a very large source of total revenues) and state aid. The trends in each of these sources are particularly important. The percent of total revenues coming from local property taxes looks like this:

TABLE 26a: PERCENT REVENUES FROM LOCAL PROPERTY TAXES
CLEVELAND

1979	1980	1981	1982	1983	1984
48%	44%	50%	48%	35%	44%

The trend from fiscal 1979 to 1983 was clearly downwards. Without a recent tax rate increase this trend would have continued.

Basic State of Ohio school aid, as a percent of total revenues, took the following course:

TABLE 26b: STATE REVENUES AS PERCENT OF TOTAL, CLEVELAND

1979	1980	1981	1982	1983	1984
37%	34%	35%	38%	54%	44%

While the state's foundation aid increased from $77.9 million to $114.9 million, as a proportion of the total revenues available to the Cleveland public schools, the trend was only moderately upwards. The increases in state aid come from a state reimbursement to local taxing districts for property tax losses from homestead exemptions, an ongoing program, and other year to year state contributions. This was particularly evident in the 1982-1983 school year when the state provided $58.4 million in "Other" aid to the general operating fund. Total federal revenues show almost no change, with the exception of the 1979-1980 school year when federal revenues outside the food programs jumped to $47.3 million as compared to the previous year's $25.2 million. This increase was a one time federal contribution to help implement the desegregation program.

The basic revenue generating structure for the Cleveland public school system consists of local property taxes, state foundation aid, and federal programs. Property taxes are of two sorts: real estate and a personal property

tax. Foundation aid is not similar to the Illinois system of a basic aid formula. Rather, state aid is widely distributed without significant targeting. This type of state aid is designed to create a basic "foundation" of support for all districts.

B. Denver. The Denver public schools, as we have already noted, are particularly dependent upon property taxes. Local property taxes are the bulwark of Denver public school revenues. As a percent of total revenues, property taxes alone have accounted for 52% to 62%, and this trend is increasing.

Table 27 provides a detailed breakdown of revenues over the past eleven school years for the Denver system. Over the period for which we have data, total revenues in current dollars increased 99%. Chicago's total current revenues have, over the same period, increased just 63%. In Denver, property tax current dollar revenues increased at a higher rate than overall revenues (111%). Basic state distributive aid lagged behind the total increase at 61%.

Indeed, it is important to point out that Colorado basic state distributive aid is a very modest contributor to the Denver public schools. This portion of state aid increased from only $30.3 million in 1973-1974 to a high point of $51.6 million in 1982-1983, but dropped to $48.8 million in the current school year. State revenues for the Denver public schools come under many programs in addition to the basic aid (a state equalization program). Colorado also provides revenues for Vocational Education and Education of the Handicapped. Both of these, however, are quite modest programs, as can be seen in Table 27. Vocational Education has actually fallen from $4.5 million in 1976-1977 to a current $1.1 million. Education of the Handicapped has increased only modestly from $4.5 million in 1973-1974 to $6.9 million in 1983-1984.

As for federal revenues, revenues for Vocational Education have actually declined over the years examined here. Lunchroom support has increased from a basic subsidy of $2.8 million in 1974-1975 to $6.1 million in the current year, a very modest figure when compared to Chicago's $70.1 million, though the pattern of increases is similar. Federal revenues in the Government Designated programs have increased, but unevenly. Here, federal dollars went from $6.1 million in 1973-1974, to a high of $13.3 million in 1980-1981, and then dropped off to a current $9.5 million.

The chief revenue generating structure of the Denver public schools is the local property tax which has been an increasingly important source of revenues. State aid is relatively modest, and federal programs more so.

TABLE 27: Budgeted Revenues, Denver School System, Current Dollars, 1974-1984

	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984
GENERAL FUND											
Fund Balance	9,141	9,863	13,060	5,943	2,259	2,706	9,648	19,118	17,995	9,827	2,006
Local	75,355	86,286	92,369	99,864	107,642	110,030	113,742	123,343	130,409	147,276	157,000
Property Taxes	67,617	80,252	85,022	91,536	97,833	101,506	102,236	111,268	113,889	129,449	143,630
Ownership Taxes	5,053	4,660	5,150	5,300	7,000	6,400	7,400	7,400	9,400	9,900	9,500
Tuition/Trans Fees	69	33	33	375	27	227	334	334	334	1,200	626
Other	2,616	1,341	2,164	2,753	2,782	1,897	3,772	4,341	6,786	6,727	3,244
State	37,452	37,651	44,637	46,942	49,251	52,037	55,024	54,390	60,853	64,938	61,527
State Equalization	30,300	28,845	32,689	33,879	38,870	43,126	45,214	40,900	47,141	51,548	48,818
Low Income Factor	0	0	0	0	0	0	0	2,434	2,470	1,965	1,901
Vocational Ed	2,190	3,050	3,896	4,545	1,710	966	1,144	1,194	1,217	1,195	1,137
Education of Handicapped	4,460	4,453	6,569	6,671	6,796	6,128	6,700	6,700	7,150	7,354	6,886
Transportation	473	1,303	1,483	1,847	1,875	1,800	1,900	3,150	2,850	2,850	2,727
Other	29	0	0	0	0	17	66	12	25	26	58
Federal	2,608	2,652	2,565	2,023	2,280	3,938	4,044	4,134	2,359	2,479	2,902
P.L. 81-874	2,170	1,678	1,587	1,435	1,808	2,318	2,565	2,411	1,099	1,002	1,291
Vocational Ed	281	313	313	400	250	250	250	200	151	151	151
Other	157	661	665	188	182	1,370	1,229	1,523	1,109	1,326	1,460
GOVT DESIGNATED	6,775	9,554	9,555	13,344	16,402	16,938	17,405	19,274	18,035	17,545	16,568
Local Taxes	294	295	295	50	1,759	1,957	2,394	2,780	3,033	3,525	3,565
State	320	839	839	623	2,630	2,871	2,794	3,147	3,663	3,700	3,549
Federal	6,161	8,420	8,421	12,671	12,013	12,110	12,217	13,347	11,339	10,320	9,454
					2,631						
PUPIL ACTIVITY	0	138	513	509	524	521	644	772	821	955	957
FOOD SERVICES	0	4,921	5,788	7,147	8,055	8,331	9,127	9,820	8,870	9,276	9,595
Federal	0	2,751	2,751	4,843	4,477	4,865	5,359	5,955	5,950	6,050	6,050
Sales	0	2,170	2,170	2,254	3,076	3,054	3,054	3,054	2,500	2,818	2,818
General Fund Support	0	0	867	50	502	412	714	1,711	420	408	727
TV FUND	0	438	438	438	1,075	1,325	1,723	2,203	2,283	2,399	2,176
Federal	0	206	206	206	0	450	450	550	550	550	550
State	0	0	0	0	350	340	340	340	340	340	340
General Fund Support	0	0	0	232	332	435	833	1,183	1,263	1,379	1,156
Sales of Progrms	0	232	232	0	393	100	100	130	130	130	130
BOND REDEMPTION											
Fund Balance	440	265	695	813	426	4,256	1,179	502	235	0	0
Revenues	5,535	5,258	3,091	3,704	3,785	9,077	9,556	3,219	3,476	3,714	3,700
TOTAL REVENUES	127,725	146,668	158,956	174,371	188,974	202,197	211,265	217,155	227,106	248,582	264,425

C. Detroit. Revenue data for the Detroit public school system are available since the 1970-1971 school year. These data are presented in Table 28. Total current dollar revenues have increased from $252.4 million in 1971 to $545.8 million in 1983-1984, a 116% increase. During this same period, local revenues grew the slowest from $128.4 million to $171.5 million, a 34% change. State revenues, in contrast, increased continuously and dramatically. At the beginning of the data series, state revenues were just $106.3 million, $22.1 million less than local revenues, and grew to $325.7 million, a 207% jump. Federal revenues increased sharply from $17.8 million to $72.7 million in 1980-1981, and then dropped off to $48.7 million. The overall increase of federal monies to the Detroit system was nonetheless $31 million (173%).

The two most significant trends in Detroit are similar to those in the Chicago situation. First, local property taxes have deteriorated as a proportion of total revenues. In fiscal 1971, local property taxes represented 44% of all revenues for the Detroit public schools. This figure declined steadily until, by the 1983-1984 school year, property taxes generated only 30% of total revenues. Close examination of the property tax trend in Detroit shows a strikingly similar picture to what has been discovered in Chicago. Year to year, the current dollar revenues to the Detroit system show an uneven trend. Current dollar tax receipts actually fall in several years. This reflects a fixed tax rate levied upon a deteriorating tax base. This problem was somewhat offset by a tax rate increase in 1980.

The second major trend in Detroit and Chicago is the dramatic increase in total state aid, and the addition, in Michigan, of several new programs under state aid. Basic distributive aid increased continuously and more than tripled over the years examined here. In addition, the State of Michigan began funding special education and transportation separately, producing an additional $10 million to the Detroit system each year since 1980. Also, a compensatory education program has been initiated, adding another $10 million annually to the Detroit public schools.

The structure and trends of school finance in Detroit are similar, then, to the situation in Chicago. Property taxes on real estate are the basis of locally generated school revenues. And, as in Chicago, this is a declining source of revenues. The other basic bulwark of school revenues in Detroit is State of Michigan basic school aid which, unlike Illinois, has continued to increase in current, constant, and constant per student dollar terms. Michigan has also, unlike Illinois, created a separate program for compensatory education.

TABLE 19 Budgeted Revenues, Detroit Public School System, Current Dollars, 1971-1984

	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984
LOCAL														
Property Taxes	112,020	119,842	86,909	131,276	130,351	131,773	114,950	126,395	125,287	139,430	165,652	168,874	172,815	163,524
Other Taxes	65	65	0	0	0	0	0	0	0	0	0	0	0	3,600
Tuition	1,546	1,455	1,449	1,035	914	840	899	1,127	1,115	743	940	853	970	1,078
Interest/Invest	2,452	1,278	1,200	5,229	4,677	2,573	2,039	2,600	3,573	4,934	2,928	4,272	2,518	2,400
Revolving Funds	10,509	11,861	12,808	12,283	13,999	17,640	0	0	0	0	0	0	0	0
Misc	1,799	1,331	1,566	2,002	2,462	5,838	310	121	234	212	89	219	393	864
TOTAL LOCAL	128,391	135,932	105,932	151,825	152,403	158,610	118,198	130,233	130,209	145,319	169,609	174,218	176,596	171,466
STATE														
State Aid	98,735	112,701	122,447	135,438	156,169	163,039	173,764	208,749	208,941	239,094	252,915	271,916	280,345	321,475
Driver Ed.	501	539	543	531	439	494	535	552	415	422	681	614	571	0
Special Ed.	0	0	0	0	0	0	0	0	7,931	6,498	4,521	5,486	5,753	0
Compensatory Education	0	0	0	0	0	0	0	12,667	14,992	13,440	11,252	9,505	10,181	0
Transportation	0	0	0	0	0	0	0	0	0	111,387	8,631	9,680	8,345	0
Reimbursed Services	7,006	499	574	543	687	615	154	0	0	0	0	9,416	0	1,600
Other	0	0	0	0	0	0	0	6,302	16,355	9,293	10,399	0	8,570	270
TOTAL STATE	106,242	113,739	123,564	137,512	157,295	164,148	174,453	228,270	249,744	370,114	288,400	310,587	313,465	323,345
FEDERAL														
Vocational Ed.	615	1,058	1,646	716	598	528	642	825	700	930	1,038	743	1,383	0
ESEA-I	14,631	16,289	16,172	19,833	26,175	24,554	16,367	24,898	27,818	36,117	42,547	36,536	32,356	34,150
ESEA-II	501	924	843	1,051	963	876	0	0	0	0	0	0	0	3,000
ESEA-III	1,775	870	577	400	382	403	0	0	0	0	0	0	0	0
ESEA-V	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ESEA-IV	287	119	345	242	346	92	498	1,115	2,348	1,275	0	0	0	0
Other	0	435	332	0	81	22	19,607	27,770	28,561	25,447	29,125	18,781	16,122	11,517
TOTAL FEDERAL	17,809	19,695	19,915	22,242	28,545	26,473	37,110	54,606	59,427	63,769	72,710	56,070	49,863	48,667
TOTAL REVENUES	252,442	269,366	249,411	311,580	338,243	349,031	329,761	409,109	439,380	579,202	530,719	540,875	540,024	543,478

D. Houston. Over the last ten years, the Houston public school system has experienced sharp increases in current dollar revenues. Revenued data for the Houston public schools is presented in Table 29. Current dollar revenues have risen 214% from $175.0 million to $549.5 million. Such increases have more than kept up with inflation, unlike the other large metropolitan public school systems we have analyzed in this report. Also noticeable is the heavy reliance on property taxation. Indeed, Houston's proportionate share of state revenues has declined. In 1974, Houston public schools received 41.4% of its revenues from the state of Texas, but just 34.7% in fiscal 1983. Despite this relative decline against local revenues, state revenues have increased in current dollar terms by 163% from $72.4 million to $190.7 million. Most striking about the structure of Houston school financing is the modest levels of federal revenues. Generally throughout the period for which we have data, federal revenues contributed only about 2% of total revenues. This has been increasing in recent years.

Houston schools have been able to increase the amounts of property tax revenues despite a low and stable tax rate. Houston is an explosively growing city and the property tax base is increasing comparably. In addition, the city of Houston has changed assessment procedures. All property in the city of Houston is assessed at full market value. In comparison, a single family home in Chicago is assessed presently at 16% of full market value. One result of this change, which occurred in 1982-1983, is that property tax rates have been cut in half. Regardless of this, as can be seen on the revenue data for Houston, property tax receipts jumped from $226.6 million in 1982 to $271.9 million in 1983.

E. Los Angeles. School finances for the Los Angeles Unified Public School District are heavily reliant upon aid from the State of California. Revenue data for the past six fiscal years (though less detailed in 1978 and 1979) are shown on Table 30. What is most striking is the dramatic shift in local property tax and state aid as contributors to the resources of the Los Angeles school system. Now most of the sytem's revenues come from the state of California (fully 75%), in sharp contrast to the revenue structure before passage of Proposition 13. With over seven distinct programs, the state of California provides well over a billion dollars a year to the Los Angeles schools. Indeed, in this current school year, basic state distributive aid alone is over $925 million. This level of state aid makes the LA system quite unlike any other system being compared in this study, Chicago included. Yet this high level of state support for public schools only came about after the severe restrictions on property taxation imposed by Proposition 13.

TABLE 29: Budgeted Revenues, Houston Public School System, Current Dollars, 1974-1983

	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
LOCAL										
Property Taxes	92,197	105,988	123,544	137,644	151,940	163,008	184,729	209,484	226,630	271,873
Other	4,849	6,285	5,770	8,384	17,561	22,780	25,083	32,859	28,450	39,353
LOCAL TOTAL	97,046	112,273	129,314	146,028	169,501	185,788	209,812	242,343	255,080	311,226
STATE										
Scholastics	27,939	35,125	35,498	40,741	43,633	50,945	54,214	69,023	79,838	92,047
Foundation	35,909	41,087	63,416	54,439	73,869	69,575	78,888	72,975	83,051	91,457
Transportation	787	889	1,588	1,777	1,817	2,027	4,047	4,122	5,703	6,444
Vocational	633	854	1,162	1,244	1,418	656	1,732	610	66	58
Other	7,113	8,219	10,531	11,502	14,329	16,103	20,439	27,272	5,839	648
STATE TOTAL	72,381	86,174	112,195	109,703	135,066	139,306	159,320	174,002	174,497	190,654
FEDERAL TOTAL	5,558	4,533	4,619	4,731	4,697	4,487	4,524	4,539	22,820	47,607
TOTAL REVENUES	174,985	202,980	246,128	260,462	309,264	329,581	373,656	420,884	452,397	549,487

TABLE 30: Budgeted Revenues, Los Angeles Unified School System, Current Dollars, 1979-1984

	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984
LOCAL REVENUES						
Property Taxes	721,213	178,044	140,768	166,251	174,447	188,993
Property Taxes for Debt	NA	NA	36,650	36,186	33,826	29,517
Lunchroom Sales	NA	NA	25,771	29,657	27,198	26,290
Other	6,506	61,307	67,549	35,154	36,445	47,483
TOTAL LOCAL	727,719	184,550	270,738	267,248	271,916	292,283
STATE REVENUES						
K-12 Revenue			824,537	794,688	844,740	925,883
Adult Education			34,715	35,380	35,588	38,182
Specially Funded Programs			63,353	75,962	79,743	94,649
Child Development			31,705	32,300	34,006	34,392
Court Mandated Costs			123,618	105,450	100,000	103,000
Special Ed.			84,467	93,000	97,250	110,500
Urban Impact Aid			30,990	32,849	32,850	34,821
Other			35,589	41,504	58,753	48,320
TOTAL STATE	368,471	1,105,933	1,228,974	1,211,133	1,282,930	1,389,747
FEDERAL						
Lunchroom		63,391	70,697	70,840	77,406	79,403
Specially Funded		107,251	95,888	108,014	83,488	90,187
Other		290	11,157	8,162	11,801	12,350
TOTAL FEDERAL	90,340	170,932	177,742	187,016	172,695	181,940
TOTAL REVENUES	1,186,530	1,461,415	1,677,454	1,665,397	1,727,541	1,863,970

Looking more carefully at Table 30, several things should be noted. First, property taxes, even with the limitations imposed by Proposition 13, nonetheless, have generated increased revenues. Property tax revenues in current dollars grew from $140.8 million in 1980-1981 to $189.0 million in the present year. Special property tax revenues, earmarked to pay debts, declined slightly from $36.7 million to $29.5 million. These findings point to the economic health of the Los Angeles area.

Not only are state revenues extremely large and important, they come in a number of different programs. Nearly all of these state programs grew, in terms of the level of revenues that came to the Los Angeles school system. This approach included: basic aid (up over $100 million), specially funded programs (up over $30 million), special education (up $36 million), and impact aid (up $4 million). Federal revenues have stayed more or less the same.

The structure of revenues for the Los Angeles system are heavily dependent upon the State of California. The state provides large, growing, and apparently consistent levels of support to the Los Angeles school system. This support is provided through a number of programs that supplement basic aid. Property taxes are a constrained, and yet an increasing, source of revenue.

F. New York City. The New York City public school system is the nation's largest. Recently it has sharply increased its per student revenues in constant dollars. Unlike all the other cities examined in this study, New York public schools do not directly levy local property taxes or directly collect any local revenues. Rather, local revenues are collected through a wide variety of taxes (property, income, and sales) by New York City and are then allocated, in the city's budget, to various agencies, including the public schools. Local school revenues are derived from a single item in the city government's budget. State revenues come from a wide variety of programs provided by the state.

For this study, revenue data were collected for the New York public schools from the 1976-1977 school year to the present. These data are presented in Table 31. In this eight year period, total revenues for public schools have increased $1.4 billion, a 65% increase. Total revenues for the Chicago Public Schools increased by just 34% in current dollars over the same period. In New York, this increase came largely from state and federal sources. Local revenues were up just 47%, total state aid increased 82%, and federal revenues grew by 97%. Both state and federal revenues increased continuously in current dollars; total state revenues increased in every one of these eight years, and federal revenues in all but one.

TABLE 31:
Budgeted Revenues, New York City Public School System, 1977-1984
Revenue Review and Analysis Project, Chicago Panel on Public School Finances

	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984
LOCAL TOTAL	1,091,922	1,675,285	1,366,070	768,786	1,131,143	1,305,825	1,351,638	1,608,488
State								
Grant-Drug	0	0	12,536	12,536	13,722	13,722	13,722	13,173
School Lunch	3,047	3,047	4,277	4,277	4,839	5,244	5,244	4,980
Community Interaction	0	2,375	2,375	2,375	0	0	0	0
Pre-Kindergarten	0	2,037	2,037	2,368	2,496	2,222	2,222	2,222
Bilingual	0	1,000	1,000	1,555	1,525	1,525	1,525	1,525
Welfare Education	0	2,785	2,785	2,785	2,785	2,785	2,785	1,941
High School Equivalency	0	863	863	863	863	863	863	863
Misc	0	301	301	1,614	2,093	4,575	4,927	8,005
Textbook	14,100	14,115	21,215	19,041	18,600	18,939	18,940	21,950
Pot Support	787,999	818,058	881,372	948,238	1,080,190	795,373	849,647	884,917
Special Reading	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Maintenance of Hand	0	2,500	2,500	2,500	588	588	588	588
Improved Pupil Perform	0	0	5,000	3,750	3,750	3,750	3,750	3,750
Tuition	0	0	0	0	1,100	1,100	1,100	500
Learning Disability	0	0	4,500	700	0	0	0	0
PREW	0	0	0	0	0	82,225	87,763	91,983
Building Aid	0	0	0	0	0	38,259	41,621	42,420
Trans. Aid	0	0	0	0	0	156,700	170,925	172,730
Public Excess Aid	0	0	0	0	0	108,689	127,060	141,160
Private Excess Aid	0	0	0	0	0	0	16,060	18,710
Occupational Ed. Aid	0	0	0	0	0	7,963	8,221	15,899
Diagnostic Aid	0	0	0	0	0	3,138	3,058	3,050
Low Income Supp. Aid	0	0	0	0	0	6,999	6,711	5,578
Limited Eng. Aid	0	0	0	0	0	3,111	3,049	3,300
Gifted Aid	0	0	0	0	0	921	900	1,320
Computer Aid	0	0	0	0	0	3,100	3,289	8,731
Family Court Reimbur. Aid	0	0	0	0	0	0	3,300	11,400
Other	7,172	7,200	0	0	0	3,138	0	0
STATE TOTAL	805,148	832,081	945,761	1,007,602	1,137,351	1,266,791	1,382,471	1,465,707
Federal								
School Lunch	13,408	13,608	14,733	14,733	17,055	17,205	10,790	10,790
Free Lunch	54,515	55,514	61,031	61,031	72,149	73,226	79,149	79,149
Vocational Ed.	0	7,154	10,800	17,300	19,271	19,272	15,880	15,880
Adult Ed.	0	2,500	2,500	2,500	2,500	2,500	1,920	1,920
School Breakfast	0	8,000	8,000	8,000	12,002	12,002	13,343	13,343
ECIA-Chapter I	126,940	143,940	143,940	150,000	163,612	163,612	164,435	196,904
ESEA VII-Bilingual	0	0	0	12,158	18,765	18,765	14,723	15,683
ESEA VI Programs	0	0	0	4,945	5,797	5,797	24,822	17,145
Other	3,113	15,327	4,612	4,612	32,834	31,641	8,840	16,402
ESEA-Handicapped	0	0	0	4,374	12,827	23,069		17,145
Installation Impact	2,500	2,500	3,000	14,681	16,193	13,000	0	0
Summer Feeding Prog.	0	5,239	5,240	5,240	5,740	5,672	800	10,000
FEDERAL TOTAL	200,476	253,782	253,856	299,574	378,345	387,761	334,902	394,561
TOTAL REVENUES	2,097,544	2,781,148	2,565,687	2,075,962	2,646,939	2,960,377	3,069,011	3,468,756

Local revenues, in contrast, performed more erratically. While overall, the city provided substantially more in the current school year ($1.6 billion) than in 1976-1977 ($1.1 billion), local revenues declined significantly in the 1978-1979 and 1979-1980 school years. In fact, in the 1980 fiscal year, the city's budget provided only $768.8 million, less than half the total just two years earlier. This loss is directly related to the budget cuts the Koch administration made across many areas of the city budget in the aftermath of the city's fiscal crisis, and demonstrates the vulnerability of the public schools when included as one department of city government. The independence of the public schools and city government protects each from the fiscal vulnerability of the other. The New York data clearly shows that the public schools had been largely dependent upon locally generated revenues. In the 1976-1977 school year, the city's provision to the public schools represented 57% of the school system's total revenues. In 1980, the city share fell to 37%; in the current school year, the proportion is 46%.

State and federal aid increased both in current dollar terms and as a proportion of the school system's total revenues. Total state aid increased from 33% of the total revenues in the 1976-1977 school year to 45% in 1982-1983, and dropped slightly to 42.3% in the present year. Basic state aid grew from $788.0 million in 1976-1977 to $1.08 billion in 1980-1981, but decreased as other special programs were created to provide impact aid to the public schools. These programs include building aid, transportation aid, and compensatory education aid (PSEN). Each of these programs provided substantial revenues to the New York public schools (totalling now nearly $400 million). Because of this increase in categorial aid, the state total always grew. Also federal aid to NYC schools dramatically increased, particularly in ECIA Chapter 1 poverty impact aid and lunchroom funds.

G. Philadelphia. Public school finances in Philadelphia have a number of similarities to the situation in Chicago. Persistent deficits threaten annually to keep the schools closed. Overall revenue growth has been quite modest over the past decade. State of Pennsylvania aid to the Philadelphia system has increased slowly since the mid-seventies, but has recently dropped off slightly.

For this study, revenue data on the Philadelphia public school system has been collected for the past ten fiscal years, from 1975 to the present year. These data are shown on Table 32 which shows the current dollar revenues for the Philadelphia public schools. Over this ten year period, total current dollar revenues increased just 44%. Chicago, in contrast, increased its total current dollar revenues

TABLE 32: Budgeted Revenues, Philadelphia Public Schools, Current Dollars, FY75-1984

	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984
LOCAL REVENUES										
Property Taxes-Current	141,033	144,671	146,866	153,856	150,967	155,445	178,123	178,477	180,577	184,177
Property Taxes-Delinq	3,944	5,000	5,000	5,800	12,220	10,472	9,295	8,825	9,596	9,708
General Business Tax	12,943	13,300	13,300	13,400	14,068	14,100	15,500	16,900	15,087	15,624
Non-Business Income Tax	3,167	3,200	3,200	6,900	7,095	7,200	8,000	8,995	9,985	9,985
Pari-Mutual Tax	6,503	5,250	5,350	5,500	4,471	4,750	4,250	3,368	3,500	3,500
Business Use/Occupancy Tax	15,818	15,800	15,900	16,200	17,846	17,425	34,850	33,000	44,110	47,563
Public Utility Realty Tax	1,197	1,407	1,407	1,800	2,104	1,958	2,107	2,590	3,185	3,300
Interest	2,110	2,000	2,000	1,500	5,509	8,500	7,500	5,250	2,000	1,800
Reimbursement from City:										
Municipal Services	0	0	0	0	0	0	0	1,536	790	1,715
Transportation	0	0	0	0	0	0	0	3,000	0	0
Building Use	0	0	0	0	0	0	0	700	617	0
Grant from City	0	0	0	24,000	22,376	22,437	2,884	0	22,963	24,321
Misc	920	1,725	1,000	1,200	3,839	11,010	3,325	3,000	3,750	3,750
TOTAL LOCAL REVENUES	187,635	192,353	194,023	230,156	240,495	263,297	265,834	265,641	296,160	305,443
STATE REVENUES										
Instruction	194,039	205,519	212,893	250,388	263,706	276,891	296,690	310,250	273,074	287,660
Debt Service	13,766	14,530	10,559	10,589	11,489	10,084	10,358	10,121	10,531	9,801
School Health Program										
Nurse Services	1,416	1,365	1,344	1,295	1,253	2,384	2,289	2,202	2,124	2,050
Medical/Dental	485	468	461	444	430	818	785	755	728	703
Tuition	1,011	463	407	433	470	830	777	840	763	806
Vocational/Technical	727	613	2,643	3,045	2,422	2,360	2,380	2,400	2,967	3,206
Transportation	729	1,200	1,250	1,500	1,617	2,254	2,700	3,400	3,890	4,650
Ed. of Handicapped	345	334	330	0	272	270	280	277	280	250
Special Education	4,950	0	330	0	0	23,129	0	0	0	0
Special Ed. Late Reimburse	0	0	0	0	0	0	13,048	0	24,000	0
Vocational Ed.	36,000	36,000	39,500	48,598	50,000	53,536	53,883	47,853	0	0
Other	186	172	175	217	140	0	0	0	0	0
TOTAL STATE REVENUES	253,654	260,664	269,892	316,509	331,799	372,556	383,190	378,098	318,317	309,146
INTERMEDIATE										
Management Services	681	595	669	745	810	907	992	920	923	923
Special Ed.	38,150	41,009	58,208	47,717	53,086	61,898	64,387	69,724	73,442	77,832
Special Ed. Trans	1,745	2,130	2,250	5,200	5,900	8,600	15,900	11,550	12,300	13,450
Non-Public School Prog	0	5,195	5,441	4,959	6,909	7,451	53,883	7,424	7,906	7,994
Interest	0	0	0	0	0	0	0	0	1,200	1,200
Other	4,230	4,100	5,100	4,100	0	0	7,478	0	0	0
TOTAL INTERMEDIATE REVENUES	44,806	53,029	71,668	62,721	66,705	78,856	142,640	89,618	95,771	101,399
TOTAL STATE AND INTERMEDIATE	298,460	313,693	341,560	379,230	398,504	451,412	525,830	467,716	414,088	410,547
FEDERAL										
Impacted Aid	1,535	4,739	3,830	1,470	967	4,270	2,833	1,200	836	540
Child Care	0	83	0	0	0	0	0	0	325	325
Other	9,555	12,224	13,736	0	0	0	0	0	0	0
TOTAL FEDERAL REVENUES	11,090	17,046	17,566	1,470	967	4,270	2,833	1,200	1,161	865
TRANSFERS FROM OTHER FUNDS	0	10,191	10,771	7,020	7,464	11,827	0	0	0	0
TOTAL REVENUES	243,531	262,428	283,257	294,347	308,167	336,423	411,307	356,459	393,092	407,707

over the same period 50%. In Philadelphia, total local revenues jumped by 63% ($117 million), state revenues grew by just 22% ($55 million), and intermediate revenues were up sharply by 126% ($57 million). These intermediate revenues are actually a second tier of state aid to the public schools throughout Pennsylvania. The state provides direct support to individual school districts and to regional units. Normally these regional units are constituted by several districts; however, the Philadelphia system is itself an intermediate district. The state uses the intermediate districts to distribute special education funding and other sorts of aid. Thus, total state revenues, from both sources, grew by $112 million (38%).

Local property taxes in Philadelphia provide just over a quarter of the total revenues to the public school system, although this has been declining somewhat. Local property taxes generated 29% of total revenues in 1975, but 27% in the current school year. In current dollar terms, however, local property tax revenues grew by 35% from $145 million in 1975 to $193 million in 1984. This provides quite a contrast to Chicago. However, the rate of increase for property tax revenues lagged behind the growth of other sources of local revenue. The business occupancy tax grew by 201%, or $31 million, and local income tax revenues tripled (although this is a modest source of school revenue). The City of Philadelphia has also started to provide financial support to the schools since 1978. This too, however, is a modest source of support (only $24 million).

State aid has increased. Direct distributive aid has consistently represented about 40% of the total revenues of the Philadelphia system. State distributive aid grew by 48% over the ten years covered by Table I. The greatest source of the increase in state aid is in the intermediate levels - especially special education aid. Total intermediate aid shot up 126%, by $56 million; the largest single item (special education) increased by 104%. But, like, Chicago, state aid has been decreasing in recent years, off 22% ($115.3 million) since 1981.

The structure of educational finance in Philadelphia is the most elaborate, at least in terms of local taxation, of all the cities examined in this study. Philadelphia has an extensive variety of local taxes. There are general business and business occupancy taxes, an income tax, a parimutual tax, and a public utility real estate tax. Together these taxes bring in over $85 million dollars to the Philadelphia public schools this year (28% of all local revenues). State aid is also unlike the structure set up in other states. Pennsylvania uses a two tiered system to

distribute aid. State aid covers a wide variety of programs: general instruction, health, special and vocational education, and debt service. Yet even with this array of taxes, the revenues available to the Philadelphia system have waxed and waned over the past decade. Total revenues, following the state aid pattern, have decreased 10% ($77.6 million) since 1981.

IV. CONCLUSIONS

The revenue picture of large city schools in the United States shows significant similarities and differences. One striking similarity is the fiscal difficulties facing many of the school systems examined here. Indeed, of the seven analyzed, the Cleveland, Detroit, and Philadelphia public schools share a common plight with that of Chicago: deficits and overall revenue short falls. In contrast, Houston schools are enjoying an explosively growing property tax base which brings in ever increasing amounts of property tax revenues. Denver also has a growing tax base. Two areas of revenue are particularly important to compare in the analysis of the big city schools: local property taxes and state aid.

The most important comparative finding to be discovered in examining the revenue situation of these large city schools is the widespread weakening of the local property tax. In nearly every city analyzed, the proportion of total revenues generated from local property taxes has declined. This is the case in Cleveland, Detroit, Philadelphia, and particularly Los Angeles. And yet, in several of these cities, the public schools were successful in achieving tax rate increases. This is true in Cleveland, Detroit (twice), Denver, and Philadelphia. In other cities, the local sources of revenues were significantly strenghtened. New York City has increased income, business, and sales taxes which indirectly contribute more revenues to the schools. Houston has completely revamped its property tax assessment process which, together with a rapidly growing tax base, has brought about a dramatic rise in property tax receipts. And Los Angeles, despite the restrictions of Proposition 13, has nonetheless experienced growing revenues from property taxes. Chicago, as noted, has only been able to increase rates in the floating tax rates and, until 1983, had not had a property tax rate increase since 1972. The 1983 Chicago increase only restored revenues to the system which were lost when part of its tax authorization was diverted to the School Finance Authority.

The second major area of interest is the level of state aid for the public schools. While most of the systems received much higher levels of state aid than in the past, the level of state support was up only moderately in several

of the systems. Detroit and Los Angeles receive high levels of state support for the operation of their systems. In Denver, Cleveland, New York, and Philadelphia, the overall level of state aid grew only modestly. In fact, in Denver, the State of Colorado was a rather minor contributor to public school revenues.

One last important point concerns the structure of local revenues for public schools. In the past, property taxes on local real estate have been a major source of revenues for public schools. Now, property taxes have been weakened as a source of public school monies. Only in the growing Sunbelt cities in the West and South are the local property tax bases growing and keeping up with the needs of the schools. In the older cities, the dependence upon property taxes is a major source of contemporary fiscal weakness. Other cities, such as New York and Philadelphia, have buttressed their property tax sources with other forms of local taxation. In both cities, local taxes are a mixture of property, business, income, and sales taxes; their solution is of direct relevance to the situation in Chicago.

SECTION VIII
CHICAGO, CENTRAL CITIES, AND SUBURBAN DISTRICTS
THE SHIFTING BALANCE OF RESOURCES IN ILLINOIS

INTRODUCTION

In some ways, the most relevant comparisons to Chicago Public School revenues is to other Illinois school systems. For this study, two types of comparisons have been analyzed: revenues for other central city school districts (Rockford, Moline, Peoria, Bloomington, and East St. Louis), and suburban districts in the Chicago area. Revenue data for 1972, 1975, 1980, 1981, and 1982 were collected from audited financial reports submitted to the State Board of Education. This data, which was in extremely detailed form, was reworked to aggregate property tax levies, basic types of state aid, and federal programs. The analysis was centrally concerned with 1) the level of local property tax support for schools, and 2) the level of state aid.

Figure 10 shows the standardized rankings (per student revenues in constant dollars) of these districts for all the years covered in this study. These rankings are done in terms of three measures: total revenues, property tax revenues, and state aid revenues. In total revenues, Chicago's ranking rises from eighth out of thirteen in 1972 (at $1,424) to fourth in 1982 (at $1,394). This improvement is more apparent than real. Close examination of the data shows that, with one year's exception (1981), Chicago's revenues total one-half of the revenues of the highest ranking district. Chicago received $1,394 per student in 1982, but this compares to $2,734 for the Bloom High School district. These total dollar rankings also show that Chicago shares a similar position with the other Illinois central city districts. Consistently, the central city districts rank on the low end of these comparisons. In 1972, the six Illinois central city districts analyzed here occupied the bottom six spots on the ranking; in 1982, four of these districts (East St. Louis, Peoria, Rockford, and Moline) still resided on the bottom of the ranking.

The second part of Figure 10 (property tax revenues) provides an explanation for the poor showing of the central city districts. The strength of property tax revenues in the Chicago suburban districts shows through clearly. Consistently, these suburban districts (Prairie Hills, New Trier, Kenilworth, Elmwood Park, East Chicago Heights, and Bloom) rank high on per student property tax revenues. The Illinois central cities maintain the lowest positions on this comparative measure. Chicago's property tax revenues drop significantly from seventh in 1972 to tenth in 1982.

FIGURE 10

TOTAL PER STUDENT* CONSTANT DOLLAR REVENUES, 1972		PROPERTY TAX REVENUES PER STUDENT IN CONSTANT DOLLARS, 1972		STATE REVENUES PER STUDENT IN CONSTANT DOLLARS, 1972	
1. Central Stickney	$4,357	1. Central Stickney	$4,285	1. East St. Louis	$554
2. Kenilworth	2,447	2. New Trier	2,063	2. Chicago	429
3. New Trier	2,423	3. Kenilworth	1,903	3. East Chicago Hgts.	418
4. Reavis	2,175	4. Reavis	1,760	4. Rockford	414
5. Bloom	2,170	5. Bloom	1,509	5. Moline	406
6. Bremen	1,883	6. Elmwood	1,100	6. Peoria	396
7. Elmwood	1,508	7. Bremen	980	7. Bremen	369
8. East Chicago Hgts.	1,457	8. East Chicago Hgts.	894	8. Elmwood	333
9. Chicago	1,426	9. Chicago	769	9. Sandrige	307
10. East St. Louis	1,105	10. Sandridge	702	10. Bloom	223
11. Peoria	1,091	11. Bloomington	649	11. New Trier	147
12. Sandridge	1,065	12. Peoria	597	12. Kenilworth	124
13. Rockford	1,045	13. Rockford	572	13. Reavis	122
14. Bloomington	817	14. East St. Louis	282	14. Bloomington	103
15. Moline	703	15. Moline	212	15. Central Stickney	55

FIGURE B

TOTAL REVENUES PER STUDENT IN CONSTANT DOLLARS, 1982		PROPERTY TAX REVENUES PER STUDENT IN CONSTANT DOLLARS, 1982		STATE AID PER STUDENT IN CONSTANT DOLLARS, 1982	
1. New Trier	$2,220	1. Central Stickney	$1,850	1. East St. Louis	$913
2. Central Stickeny	2,019	2. New Trier	1,474	2. Chicago	769
3. Bloom	1,874	3. Reavis	1,273	3. East Chicago Hgts.	648
4. Reavis	1,808	4. Kenilworth	839	4. Bloom	612
5. Chicago	1,394	5. Bloomington	795	5. Bremen	584
6. Bloomington	1,350	6. Elmwood	774	6. Rockford	469
7. Kenilworth	1,327	7. Bloom	746	7. New Trier	435
8. Elmwood	1,304	8. Sandridge	605	8. Reavis	361
9. East Chicago Hgts.	1,254	9. Bremen	557	9. Peoria	355
10. Bremen	1,238	10. Peoria	483	10. Moline	320
11. East St. Louis	1,180	11. Moline	459	11. Kenilworth	273
12. Peoria	1,035	12. Chicago	419	12. Elmwood	266
13. Rockford	984	13. Rockford	412	13. Bloomington	252
14. Moline	884	14. East Chicago Hgts.	308	14. Sandridge	131
15. Sandridge	817	15. East St. Louis	76	15. Central Stickney	59

*In this Section, Per Student calculations are based on Average Daily Attendance.

The data, furthermore, shows that Chicago and the other Illinois central city districts bring in significantly lower amounts of per student constant dollar tax revenues -- in fact, only about 25% of the suburban property tax level.

The comparative levels of per student state aid is provided in the third section of Figure 10. Here Chicago ranks very high (second or third in all years). The positions of the central city districts have not been as stable, however. In 1972, these six districts occupied the top positions in the rankings; in 1982, only two (Chicago and East St. Louis) did. The data shows that the suburban districts have sharply increased their level of per student state aid. The finding is important. In 1972, the level of locally generated property tax revenue largely determined the total revenues of Illinois school districts. This is less so the case in recent years. In 1980-1982, the state per student has come to play a larger role in determining the total revenues of the districts examined here. However, suburban districts have enjoyed a significantly increased level of state aid, which together with their strong property tax base, has enabled them to retain the highest levels of school revenues.

Some basic comparisons can be made to put the revenues of these diverse districts in perspective. These districts vary considerably in size. The central city districts are all unit districts encompassing all grades from kindergarten to 12th grade. Their 1982 Average Daily Attendance varies from Chicago's 328,768 to Bloomington's 4,870 (N.B., Average Daily Attendance is considerably smaller than enrollment -- Average Daily Membership; Chicago's 1982 ADM was 434,095; this difference is generally larger for urban districts than for suburban or rural districts.) Table 33 provides the ADA figures for the Illinois districts analyzed in this section.

TABLE 33: AVERAGE DAILY ATTENDANCE, COMPARING 1972 AND 1982

	1972	1982
Central City		
Chicago	452,059	328,768
Rockford	35,483	28,867
Peoria	20,818	17,056
East St. Louis	19,232	18,253
Moline	10,352	8,540
Bloomington	5,838	4,870
Suburban		
Unit		
Elmwood Park	3,081	2,218
Composite		
New Trier/Kenilworth	1,094	944
Bloom/East Chicago Hgts.	3,181	2,409
Bremen/Prairie Hills	687	495

For comparative purposes, this report creates composite suburban districts in areas where there exist separate high school and elementary districts. The proportion of a high school district's student who come from a wholly encompassed elementary districts are counted as high school students in the elementary district. Composite budgets were created in the same manner. The four suburban districts (three composites and one unit), vary in size from Bloom/East Chicago Heights at 2,409 to Bremen/Prairie Hills at 495.

The comparative size of the tax base, and the willingness to accept high levels of taxation, are important determinants of the total revenues of school districts in Illinois. Table 34 shows the aggregate Equalized Assessed Value for these districts:

TABLE 34: TOTAL EAV IN COMPARATIVE ILLINOIS SCHOOL DISTRICTS 1972 AND 1982
(in millions)

	1972	1982
Composite Districts		
Bloom/East Chicago Hgts.	145.8	142.1
New Trier/Kenilworth	71.5	116.2
Bremen/Prairie Hills	61.3	99.6
Unit District		
Elmwood Park	87.4	124.9
Unit Districts		
Bloomington	182.8	315.9
Peoria	750.0	715.5
Moline	218.7	349.0
East St. Louis	229.7	115.8
Rockford	915.4	949.3
Chicago	12,672.5	12,098.7

Table 35 shows the equalized assessed value per student for all the Illinois districts analyzed in this section. These are grouped by the type of school district: elementary, high school, or unit. This measures the actual property tax base of these districts. The most striking finding is the extreme variation in this data. The difference between Chicago and New Trier is dramatic:

	1972	1975	1980	1981	1982
New Trier	$78.30	$72.91	$89.90	$142.57	$162.32
Chicago	28.03	26.00	33.85	27.35	36.80

Indeed, the Illinois central city unit districts (K-12) have much lower per student EAVs than the wealthier suburban districts. This is so despite the fact that all but one of the central districts have experienced an increasing per student EAV. The only exception is the sharp decrease in the East St. Louis EAV.

TABLE 35:

Equalized Assessed Value Per Student Illinois School Districts

	1972	1975	1980	1981	1982
Elementary Districts					
Kenilworth	52.48	43.41	47.88	72.75	83.93
Prairie Hills	146.10	137.20	308.64	333.31	338.59
East Chicago Hgts.	27.66	22.52	29.76	33.83	36.29
High School Districts					
New Trier	78.30	72.91	89.99	142.57	162.32
Bloom	64.01	64.69	76.37	84.21	81.70
Bremen	32.21	38.25	51.66	59.27	63.89
Unit Districts					
Elmwood Park	28.37	27.39	46.22	44.36	56.31
Bloomington	31.31	35.60	51.76	60.37	64.87
Peoria	36.03	23.85	35.95	39.88	41.95
Moline	21.13	20.25	31.81	37.01	40.87
East St. Louis	11.94	9.35	5.22	5.77	6.34
Rockford	25.80	26.83	27.22	30.78	32.89
Chicago	28.03	26.00	33.85	27.35	36.80

The actual levels of property tax rates is the other side of this question. The relevant data showing all educational rates for the Illinois districts are presented on Table 36. Despite appearances to the contrary, there are wide disparities displayed on this table. It is important to point out that in the Chicago suburbs, property owners pay taxes to <u>both</u> the elementary and high school districts. The total educational property tax is consequently much higher than in the central city districts where property owners pay to just one district. Again a direct comparison between Chicago and the Kenilworth/New Trier systems shows the wide differences that exist in property taxation:

	<u>1972</u>	<u>1975</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Kenilworth/New Trier	5.80	6.10	7.76	5.54	6.54
Chicago	3.08	3.47	3.63	3.60	3.45

The direction of these differences between the property tax rates in the central cities and those actually paid by the suburban property owner is systematic. The unit districts

TABLE 36: Education Fund Tax Rates, Illinois School Districts

	1972	1975	1980	1981	1982
ELEMENTARY DISTRICTS					
Kenilworth	3.29	3.45	4.27	2.92	3.74
Prairie Hills	3.15	3.18	2.84	2.91	3.05
East Chicago Hgts.	2.51	2.59	2.57	2.57	2.67
HIGH SCHOOL DISTRICTS					
New Trier	2.51	2.65	3.49	2.63	2.80
Bloom	1.79	2.17	2.57	2.64	2.72
Bremen	2.55	2.92	2.91	2.85	2.84
UNIT DISTRICTS					
Elmwood Park	3.46	3.82	4.70	4.69	4.15
Chicago	3.08	3.47	3.63	3.60	3.45
Bloomington	2.99	3.08	3.57	3.50	3.42
Peoria	2.57	2.54	3.45	3.42	3.21
Moline	3.17	3.15	3.06	3.07	3.48
East St. Louis	3.34	3.81	4.33	3.99	3.78
Rockford	2.76	2.71	3.47	3.40	3.53

consistantly extend property taxes at much lower rates than the spite the wide differences that were already noted in terms of the relative tax bases of the suburban districts as opposed to the central cities.

The rankings persented in Figure 10 point to the importance of locally generated property taxes. Wealthy EAV districts additionally adopt a higher educational property tax rate because the suburban taxpayer is literally billed twice. As such, many of the suburban school districts enjoy high levels of public school revenues. Comparatively, the Illinois central city districts suffer from lower per student EAV and have lower real tax rates. Because of this, these school systems, Chicago included, have lower levels of school revenues.

ILLINOIS CENTRAL CITY UNIT DISTRICTS

Illinois has 13 central city unit school districts (K-12) which, like Chicago, serve the central city in a metropolitan area. These districts vary greatly in terms of student enrollment. Chicago is the largest with about 400,000 student in daily attendance; Urbana is the smallest with about 5,000 students. For the purposes of this study, we collected revenue data for five other central city unit school districts. Comparatively, the whole range of school district sizes is covered: our sample includes the largest systems (Chicago and Rockford), medium sized systems (Moline and Peoria), and one among the smallest (Bloomington). The sample is also geographically distributed: Chicago and Rockford in the north; Peoria, Moline, and Bloomington in mid-state, and East St.Louis in the south.

There are two major areas of comparison. One is the per student constant dollar revenues in these districts. In the five years for which we have data (1972, 1975, 1980, 1981, and 1982), inflation more than doubled, and each of these districts experienced declining enrollments. This section examines the net effect of both of these factors on the revenues of these central city districts. A second comparison concerns the basic structure of revenues for these Illinois systems. Specifically, what proportion of their revenues are locally generated out of property taxes?; what is the level of state support?; and how much does the federal government contribute to their total revenues?

The first question is analyzed using the data presented in Figure 11. This figure shows the rankings of these six central city districts in terms of total revenue, property tax revenue, and state aid per student in constant dollars. The findings here can be quickly summarized. Chicago

FIGURE 11

TOTAL PER STUDENT REVENUES IN CONSTANT DOLLARS

1972		1975		1980		1981		1982	
1 Chicago	1,423.60	1 Bloomington	1,483.81	1 Chicago	1,660.70	1 Bloomington	2,532.55	1 Chicago	1,394.07
2 East St. Louis	1,108.82	2 Chicago	1,445.22	2 Bloomington	1,383.72	2 Chicago	1,397.80	2 Bloomington	1,350.33
3 Peoria	1,098.36	3 East St. Louis	1,119.07	3 Peoria	1,356.56	3 East St. Louis	1,257.09	3 East St. Louis	1,188.27
4 Rockford	1,044.74	4 Peoria	963.20	4 East St. Louis	1,323.82	4 Moline	1,175.19	4 Peoria	1,047.26
5 Bloomington	895.29	5 Rockford	962.65	5 Rockford	1,057.87	5 Peoria	1,140.07	5 Rockford	983.69
6 Moline	703.62	6 Moline	921.19	6 Moline	747.03	6 Rockford	1,042.96	6 Moline	913.02

PROPERTY TAX REVENUES PER STUDENT IN CONSTANT DOLLARS

1972		1975		1980		1981		1982	
1 Chicago	768.85	1 Bloomington	678.91	1 Bloomington	964.33	1 Bloomington	1,078.87	1 Bloomington	794.55
2 Bloomington	705.41	2 Chicago	538.29	2 Peoria	660.91	2 Moline	739.50	2 Peoria	483.31
3 Peoria	604.51	3 Rockford	488.73	3 Rockford	525.03	3 Peoria	538.38	3 Moline	458.68
4 Rockford	572.48	4 Peoria	485.43	4 Chicago	487.13	4 Rockford	525.73	4 Chicago	418.66
5 East St. Louis	289.93	5 Moline	422.65	5 Moline	273.22	5 Chicago	438.48	5 Rockford	411.86
6 Moline	211.60	6 East St. Louis	212.84	6 East St. Louis	148.68	6 East St. Louis	84.03	6 East St. Louis	75.82

STATE AID PER STUDENT IN CONSTANT DOLLARS

1972		1975		1980		1981		1982	
1 East St. Louis	553.98	1 East St. Louis	697.88	1 East St. Louis	938.53	1 East St. Louis	926.25	1 East St. Louis	913.34
2 Chicago	426.64	2 Chicago	576.06	2 Chicago	703.46	2 Chicago	741.91	2 Chicago	769.05
3 Rockford	413.75	3 Moline	419.75	3 Peoria	438.66	3 Rockford	415.69	3 Rockford	463.37
4 Moline	405.96	4 Rockford	390.68	4 Rockford	428.79	4 Peoria	396.92	4 Peoria	367.72
5 Peoria	395.97	5 Peoria	358.43	5 Moline	378.44	5 Moline	331.86	5 Moline	348.34
6 Bloomington	102.75	6 Bloomington	271.50	6 Bloomington	179.01	6 Bloomington	297.53	6 Bloomington	252.00

compares well to these districts in terms of total per student revenues. Chicago ranks first or second in all years. Despite this high ranking, the actual level of per student revenues in Chicago decreased from $1,424 in 1972 to $1,394 in 1982. Peoria and Rockford experienced similar reductions in total revenues per student in constant dollars. East St. Louis and Moline increased total per student revenues modestly; Bloomington experienced a significant increase in revenues.

Property tax revenues per student declined in all but one district (Bloomington). Chicago, it should be pointed out, dropped from first to fourth on this property tax revenue ranking between 1972 and 1982. State aid per student, in contrast, increased for most of these cities. According to this data, East St. Louis led this trend receiving $554 per student in 1972, and $913 in 1982. Chicago also experienced a similar increase from $429 in 1972 to $769 in 1982. Rockford and Bloomington also received higher levels of state aid per student. The Peoria and Moline districts were the only two systems to receive less per student in 1982 than 1972. One last point is worth emphasis. Chicago does rank high in terms of total revenues per student. However, it is worth examining the actual data carefully. This shows in 1982, for instance, that Chicago (at $1,394), Bloomington ($1,350), and East St. Louis ($1,188) all receive commensurate levels of revenues. Peoria, Rockford, and Moline receive slightly less.

The second area of analysis concerns the basic structure of revenue in these districts. In terms of the proportions of revenues coming from local, state, and federal sources, these six unit districts fall into three groups:

1) Chicago, East St. Louis, and Rockford
2) Peoria and Bloomington
3) Moline

The Chicago, East St.Louis and Rockford Public Schools are all experiencing a declining percentage of their revenues being generated from local sources, and a corresponding increase in the proportion of their revenues coming from the state. In contrast, the second group - Peoria and Bloomington - have, over the twelve years covered in the data, consistently generated a large and significant amount of their revenues from local property taxes. Local revenues in Peoria represent about 60% of total school revenues, and in Bloomington the corresponding figure in over 75%. Moline falls into a third category, in which the situation of Chicago, East St. Louis and Rockford is reversed. Locally generated revenues have increased, and the proportionate level of state revenues has declined.

TABLE 37: Bloomington Reported Revenues, Current and Constant Dollars, 1972-1982

	1972	1975	1980	1981	1982
LOCAL					
PROPERTY TAX LEVIES					
Education fund	3,496,602	4,508,483	7,405,070	9,736,609	7,706,079
Building Fund	717,900	876,624	1,108,063	1,450,488	1,149,589
Bond and Interest	542,226	701,887	1,626,977	1,616,088	1,164,812
Transportation	128,714	171,250	354,079	396,453	316,652
Retirement	143,072	194,394	296,744	311,632	223,009
Capital Improvement	0	0	0	0	0
Rent Fund	0	0	0	0	0
Working Cash Fund	0	0	147,571	193,400	153,279
PROPERTY TAX TOTAL	5,028,514	6,452,638	10,938,504	13,704,670	10,713,420
OTHER	397,322	4,804,875	1,187,833	13,908,029	3,396,355
LOCAL TOTAL	5,425,836	11,257,513	12,126,337	27,612,699	14,109,775
STATE					
Basic Distributive Aid	0	1,989,643	1,177,510	1,155,484	1,016,899
Special Education	149,707	226,275	514,229	534,738	541,820
Other Basic Aid	0	0	0	0	0
CPPR	0	0	0	1,698,547	1,373,033
Other	584,173	364,526	338,813	390,625	466,068
STATE TOTAL	733,880	2,580,444	2,030,552	3,779,444	3,397,820
FEDERAL					
ESEA	96,064	27,753	1,022,547	400,983	355,407
Special Education	0	0	159,499	0	0
Other	126,306	237,034	345,338	377,285	344,427
FEDERAL TOTAL	222,370	264,787	1,527,384	778,268	699,834
TOTAL REVENUES	6,382,086	14,102,744	15,684,273	32,170,411	18,207,429

CONSTANT DOLLARS	1972	1975	1980	1981	1982
Consumer Price Index	122.1	149	221.3	250.1	276.9
LOCAL					
PROPERTY TAX LEVIES					
Education fund	2,863,720	3,025,828	3,346,168	3,893,086	2,782,983
Building Fund	587,961	588,338	500,706	579,963	415,164
Bond and Interest	444,084	471,065	735,191	646,177	420,662
Transportation	105,417	114,933	160,000	158,518	114,356
Retirement	117,176	130,466	134,091	124,603	80,538
Capital Improvement	0	0	0	0	0
Rent Fund	0	0	0	0	0
Working Cash Fund	0	0	66,684	77,329	55,355
PROPERTY TAX TOTAL	4,118,357	4,330,630	4,942,840	5,479,676	3,869,057
OTHER	325,407	3,224,748	536,752	5,560,987	1,226,564
LOCAL TOTAL	4,443,764	7,555,378	5,479,592	11,040,663	5,095,621
STATE					
Basic Distributive Aid	0	1,335,331	532,088	462,009	367,244
Special Education	122,610	151,962	232,367	213,830	195,674
Other Basic Aid	0	0	0	0	0
CPPR	0	0	0	679,147	495,859
Other	478,438	244,648	153,101	156,188	168,316
STATE TOTAL	601,048	1,731,842	917,556	1,511,173	1,227,093
FEDERAL					
ESEA	78,676	18,626	462,064	160,329	128,352
Special Education	0	0	72,074	0	0
Other	103,445	159,083	156,050	150,854	124,387
FEDERAL TOTAL	182,121	177,709	690,187	311,183	252,739
TOTAL REVENUES	5,226,934	9,464,929	7,087,335	12,863,019	6,575,453

These comparative findings only highlight the specific revenue situation of these six central city unit districts. A complete picture requires a brief examination of the data collected for each of these districts.

BLOOMINGTON: Bloomington is the smallest of the central city districts with only 4,870 students in 1982. The revenues for the Bloomington public schools is summarized in Table 37. This shows current dollar and constant dollar revenues for the five years for which we have data, organized by local, state, and federal sources of revenue. The most striking finding is the extent to which Bloomington Public Schools rely on local property taxes. For all the years examined here, local revenues provide more than 75% of all revenues. In some years, this figure exceeds 80%. The Education Fund tax levy has more than doubled from $3.5 million to $7.7 million from 1972 to 1982. Indeed, property tax revenues in this fund have increased in per student constant dollar terms from $491 in 1972 to $572 in 1982. Total property tax levies likewise follow this trend growing from $5.0 million in 1972 to $10.7 million in 1982. It is also important to point out that Bloomington, as with all the other downstate central cities examined here, levies an individual property tax to support transportation costs. Chicago, alone, does not have an individual property tax levy to support transportation expenses. Overall state aid, while a modest proportion of Bloomington's total revenues, has grown four-fold, increasing to $3.4 million in 1982 from only $734,000 in 1972. Two sources of state aid largely account for this. Bloomington received, according to our data, no basic state distribution aid in 1972, but recorded just over $1 million in 1982. The other large source of state aid is Bloomington's share of the Corporate Personal Property Replacement tax. As Table 37 shows, Bloomington's share of the CPPR actually exceeds its basic state distributive aid revenues.

CHICAGO: Chicago is the largest system in the state with 328,000 in average daily attendance, a quarter of all students in the state. Table 38 provides the basic data for Chicago. It is important to point out that the source of this data, like all of the Illinois comparisons, comes from financial statements submitted to the Illinois State Board of Education. The data on Table 38 are somewhat different from what has been analyzed for the Chicago school system's revenues elsewhere in this report. These are used to assure that all the comparisons are based on similar data. The data on Table 38 shows that Chicago's property tax revenues have declined in current dollars. Total property taxes declined in state reports from $424.4 million in 1972 to just $381.1 million in 1982. What is most striking is the

TABLE 38: Chicago Reported Revenues, Current Dollars, 1972-1982

	1972	1975	1980	1981	1982
LOCAL					
PROPERTY TAX LEVIES					
Education fund	316,055,084	247,805,000	289,019,856	291,364,421	255,141,307
Building Fund	68,586,509	49,404,000	56,940,041	65,614,662	65,313,660
Bond and Interest	24,820,751	45,991,000	57,673,053	42,465,545	39,832,056
Transportation	0	0	0	0	0
Retirement	0	21,924,000	0	0	0
Capital Improvement	0	0	0	0	0
Rent Fund	14,915,712	22,403,000	26,197,841	21,003,972	20,844,060
Working Cash Fund	0	0	0	0	0
PROPERTY TAX TOTAL	424,378,056	387,527,000	429,830,791	420,448,600	381,131,083
OTHER	63,341,159	115,770,000	243,467,493	46,677,240	40,701,529
LOCAL TOTAL	487,719,215	503,297,000	673,298,284	467,125,840	421,832,612
STATE					
Basic Distributive Aid	204,112,702	307,675,000	508,196,906	536,041,347	558,194,865
Special Education	10,206,182	39,529,000	50,787,600	47,059,085	45,324,589
Other Basic Aid	0	0	0	0	0
CPPR	0	0	0	70,122,915	57,071,861
Other	22,273,837	67,517,000	61,722,363	58,181,203	39,519,710
STATE TOTAL	236,592,721	414,721,000	620,706,869	711,404,550	700,111,025
FEDERAL					
ESEA	23,396,159	66,618,000	77,871,485	74,485,020	64,152,828
Special Education	0	0	0	0	0
Other	38,066,450	55,813,000	93,464,508	87,310,591	83,002,142
FEDERAL TOTAL	61,462,609	122,431,000	171,335,993	161,795,611	147,154,970
TOTAL REVENUES	785,774,545	1,040,449,000	1,465,341,146	1,340,326,001	1,269,098,607
LOCAL TOTAL	487,719,215	503,297,000	673,298,284	467,125,840	421,832,612
% OF TOTAL	62.1	48.4	45.9	34.9	33.2
STATE TOTAL	236,592,721	414,721,000	620,706,869	711,404,550	700,111,025
% OF TOTAL	30.1	39.9	42.4	53.1	55.2
FEDERAL TOTAL	61,462,609	122,431,000	171,335,993	161,795,611	147,154,970
% OF TOTAL	7.8	11.8	11.7	12.1	11.6
TOTAL REVENUES	785,774,545	1,040,449,000	1,465,341,146	1,340,326,001	1,269,098,607
CONSTANT DOLLAR COMP	452,058.80	483,171.79	398,719.22	383,398.52	328,767.80

drop in percentage contributed by local revenues. According to this data, local revenues dropped from 62% of total revenue to just 33.2%. State aid, as was shown previously, grew sharply from $236.6 million in 1972 to $700.1 million in 1982. This is largely because of increased basic distributive aid, special education reimbursements, and the introduction of the CPPR as state revenue. It is important to note that Chicago's share of the CPPR has dropped from $70.1 million to just $57.1 million. Also, as a proportionate share, total state revenues grew from 30.1% in 1972 to 55.2% in 1982. Chicago also receives substantial, though declining, amounts of federal revenues. Federal dollars had declined to $147.2 million in 1982, down from $171.3 million just two years earlier.

EAST ST. LOUIS: East St. Louis shows the most striking, and dire, portrait of school revenues of all the central city school districts examined in this study. The data for East St. Louis are presented in Table 39. The basic structure of school revenues here shows a mixed picture. Local tax revenues have deteriorated seriously. Table 39 shows that total property taxes have been nearly cut in half from $6.7 million in 1972 to only $3.8 million in 1982 in current dollars. In contrast, total state aid has increased dramatically from $13.0 million to $46.1 million. Together, this accounts for the sharp shift in shares between local and state revenues. In 1972, local revenues represented 34% of the total; by 1982, this had declined to only 9.4%. State revenues had already reached 50% in 1972, but continued to increase to a full 76.8% in 1982. Federal revenues almost doubled in the same period, reaching nearly $10 million dollars in 1981, when local revenues had declined to under $5.5 million.

MOLINE: School revenues in Moline are provided in Table 40. The basic trends shown are sharp increases in local property tax revenues and modest increases in total state aid. Nearly all tax levies brought in sharply increased current dollar revenues over the period examined here. The Education Fund levy receipts grew from $1.8 million to $7.9 million. The Building Fund leaped from $325,000 in 1972 to $1.8 million in 1982. Most dramatic was the increase in the Transportation Fund from $31,000 to $389,000. Only the Bond and Interest levy declined showing that Moline was easing its indebtedness. State aid is very modest for the Moline Public Schools. Total state aid grew from $5.1 million to just $8.2 million in 1982. Indeed the percentage of state revenues for Moline dropped from 57.7% in 1972 to 38.2% in 1982 . Federal revenues are extremely modest in Moline, contributing less than 5% to total revenues.

TABLE 39: East St. Louis Reported Revenues, Current Dollars, 1972-1982

	1972	1975	1980	1981	1982
LOCAL					
PROPERTY TAX LEVIES					
Education fund	3,862,688	3,287,049	2,957,074	1,831,178	1,743,134
Building Fund	932,628	791,383	627,388	384,072	369,910
Bond and Interest	1,008,843	1,413,598	1,030,909	578,710	368,952
Transportation	240,678	204,228	177,165	108,437	103,006
Retirement	514,049	750,708	1,419,491	1,012,301	1,247,072
Capital Improvement	0	0	0	0	0
Rent Fund	31,689	36,420	0	0	0
Working Cash Fund	100,282	0	0	0	0
PROPERTY TAX TOTAL	6,690,857	6,483,386	6,212,027	3,914,698	3,832,074
OTHER	2,157,855	306,615	1,415,798	1,543,282	1,784,134
LOCAL TOTAL	8,848,712	6,790,001	7,627,825	5,457,980	5,616,208
STATE					
Basic Distributive Aid	10,417,801	16,329,133	33,175,754	34,503,252	37,294,148
Special Education	429,530	617,134	1,070,344	1,109,008	990,009
Other Basic Aid	0	1,634,707	2,656,148	3,860,886	3,792,438
CPPR	0	0	0	1,190,232	1,003,718
Other	2,161,506	2,677,331	2,311,435	2,486,524	3,068,436
STATE TOTAL	13,008,837	21,258,305	39,213,681	43,149,902	46,148,749
FEDERAL					
ESEA	1,606,999	3,351,956	4,255,255	5,399,171	3,929,061
Special Education	0	0	179,855	249,161	337,277
Other	2,573,351	2,688,146	4,035,264	4,305,885	4,029,165
FEDERAL TOTAL	4,180,350	6,040,102	8,470,374	9,954,217	8,295,503
TOTAL REVENUES	26,037,899	34,088,408	55,311,880	58,562,099	60,060,460

TABLE 40: Moline Reported Revenues, Current Dollars, 1972-1982

	1972	1975	1980	1981	1982
LOCAL					
PROPERTY TAX LEVIES					
Education fund	1,841,233	4,581,358	3,716,696	11,232,899	7,890,433
Building Fund	325,545	914,632	613,971	2,419,614	1,763,159
Bond and Interest	410,047	1,027,712	432,092	762,073	304,999
Transportation	31,131	127,120	97,359	486,336	389,540
Retirement	66,710	275,925	284,069	643,047	341,548
Capital Improvement	0	0	0	0	0
Rent Fund	0	0	0	0	0
Working Cash Fund	0	110,661	85,356	256,050	157,208
PROPERTY TAX TOTAL	2,674,666	7,037,408	5,229,543	15,800,019	10,846,887
OTHER	670,573	842,262	1,158,606	1,558,601	2,043,110
LOCAL TOTAL	3,345,239	7,879,670	6,388,149	17,358,620	12,889,997
STATE					
Basic Distributive Aid	4,655,173	6,052,047	6,041,199	5,864,737	5,480,864
Special Education	94,901	255,231	529,860	529,309	675,617
Other Basic Aid	0	0	0	0	0
CPPR	0	0	0	0	1,585,022
Other	381,353	681,943	672,332	696,402	496,051
STATE TOTAL	5,131,427	6,989,221	7,243,391	7,090,448	8,237,554
FEDERAL					
ESEA	126,979	122,756	345,960	371,557	249,116
Special Education	0	0	0	0	0
Other	290,235	346,905	321,436	288,433	214,296
FEDERAL TOTAL	417,214	469,661	667,396	659,990	463,412
TOTAL REVENUES	8,893,880	15,338,552	14,298,936	25,109,058	21,590,963

TABLE 41: Peoria Reported Revenues, Current Dollars, 1972-1982

	1972	1975	1980	1981	1982
LOCAL					
PROPERTY TAX LEVIES					
Education fund	9,590,843	10,219,321	16,586,856	15,200,435	15,699,415
Building Fund	2,787,010	2,955,383	2,992,011	2,629,454	3,012,622
Bond and Interest	1,404,404	1,368,521	896,746	229,590	218,057
Transportation	713,259	606,664	902,915	825,290	851,667
Retirement	570,957	658,694	1,382,520	1,284,581	899,423
Capital Improvement	0	0	0	0	0
Rent Fund	0	0	2,883,692	2,989,197	1,789,719
Working Cash Fund	299,700	317,805	376,165	343,866	354,840
PROPERTY TAX TOTAL	15,366,173	16,126,388	26,020,905	23,502,413	22,825,743
OTHER	1,253,273	2,598,510	3,286,864	4,565,656	5,868,867
LOCAL TOTAL	16,619,446	18,724,898	29,307,769	28,068,069	28,694,610
STATE					
Basic Distributive Aid	7,421,883	8,428,803	11,269,325	11,759,363	11,131,369
Special Education	1,010,095	1,785,877	2,909,449	2,670,471	2,588,330
Other Basic Aid	0	0	1,534,864	1,624,063	919,990
CPPR	0	0	0	0	0
Other	1,630,678	1,559,828	1,557,167	1,273,431	2,727,300
STATE TOTAL	10,062,656	11,774,508	17,270,805	17,327,328	17,366,989
FEDERAL					
ESEA	747,571	1,048,512	1,921,734	2,148,186	0
Special Education	0	80,391	2,010,386	64,977	0
Other	489,592	369,956	2,899,115	2,160,259	3,398,771
FEDERAL TOTAL	1,237,163	1,498,859	6,831,235	4,373,422	3,398,771
TOTAL REVENUES	27,919,265	31,998,265	53,409,809	49,768,819	49,460,370

PEORIA: Revenues for the Peoria Public School system are provided on Table 41. The basic structure of Peoria's revenues are the most stable and unchanging of the Illinois central cities analyzed in this report. The relative proportions of local, state, and federal revenues have remained almost unchanged. Local property tax levies have brought in increased receipts almost across the board. A significant exception is the decline of Bond and Interest levy extensions. This is a sign that Peoria is easing its bond indebtedness. State aid has increased in current dollars, but the data show a slight decline in basic state distributive aid and special education reimbursement.

ROCKFORD: Revenues for the Rockford Public Schools are provided in Table 42. The trends here are similar to those seen throughout this report for Chicago. Total property tax revenues have increased, but modestly, from $24.8 million in 1972 to $32.9 million in 1982. Nearly all of this increase is accounted for in the increased revenues brought in through the Education Fund levy. In fact, revenues for the Building and Bond funds actually diminished. In contrast, state aid has increased both in current dollar terms, and as a proportionate share of total revenues. This is largely because of Rockford's relatively large share of CPPR revenues (highest of all these central cities in per student constant dollar terms).

TABLE 42: Rockford Reported Revenues, Current Dollars, 1972-1982

	1972	1975	1980	1981	1982
LOCAL					
PROPERTY TAX LEVIES					
Education fund	17,056,707	19,295,475	25,151,798	27,457,792	24,177,813
Building Fund	4,172,310	4,713,294	4,236,785	4,985,434	3,996,377
Bond and Interest	2,954,870	2,435,976	2,354,495	2,408,877	1,903,518
Transportation	546,123	950,578	1,283,469	1,350,641	1,129,014
Retirement	67,454	103,559	1,474,655	1,575,245	1,242,548
Capital Improvement	0	0	0	0	0
Rent Fund	5,089	0	0	0	0
Working Cash Fund	0	0	0	427,853	471,792
PROPERTY TAX TOTAL	24,802,553	27,498,882	34,501,202	38,205,842	32,921,062
OTHER	2,081,208	3,865,002	3,032,327	3,190,714	4,125,884
LOCAL TOTAL	26,883,761	31,363,884	37,533,529	41,396,556	37,046,946
STATE					
Basic Distributive Aid	15,146,057	17,653,248	22,803,923	24,900,099	23,817,483
Special Education	995,987	1,930,330	3,209,632	2,598,779	2,815,071
Other Basic Aid	0	2,303	0	0	31,794
CPPR	0	0	0	0	6,612,776
Other	1,783,473	2,396,365	2,163,254	2,710,172	4,161,199
STATE TOTAL	17,925,517	21,982,246	28,176,809	30,209,050	37,438,323
FEDERAL					
ESEA	0	0	2,157,071	2,237,855	2,468,158
Special Education	0	0	456,283	725,360	558,770
Other	453,729	818,079	1,192,233	1,225,117	1,116,719
FEDERAL TOTAL	453,729	818,079	3,805,587	4,188,332	4,143,647
TOTAL REVENUES	45,263,007	54,164,209	69,515,925	75,793,938	78,628,916

ILLINOIS SUBURBAN SCHOOL FINANCES

Illinois has three kinds of public school districts: unit (K-12), elementary (K-8), and high school (9-12). Each of the Illinois central city school systems is a unit district. As such, they were directly comparable to the Chicago Public School System. This is not the case for the Chicago suburban school systems. There is only one suburban unit school district in the Chicago metropolitan area - Elmwood Park. All others are either high school or elementary districts. This makes comparative analysis difficult but not impossible. Figure 12 presents the per student constant dollar revenues for all of the selected Chicago suburban districts, and Chicago itself. Like Figures 10 and 11, this shows the total revenues, property tax revenues, and state aid per student. In examining the revenues for individual districts, one finds that districts with distinctly smaller responsibilities (educating only K-8, or just high school students) often have per student constant dollar revenues that exceed those of Chicago. In terms of total revenues, Chicago ranks, at best, in the middle of these rankings. Yet, it must be remembered that of these eight districts only one (Elmwood Park) is, like Chicago, a unit district.

The second part of Figure 12 provides a significant finding: the suburban districts, even when considered separately, bring in much higher levels of property tax revenues per student. Chicago consistently ranks very low on this measure of revenues. More important is the comparison of the relative size of property tax revenues per student: in 1972, for example, Prairie Hills Elementary School district received $4,046 per student compared to Chicago's $768. The situation was much the same in 1982 when these two districts received respectively $1,850 and $419 in constant dollars per student.

These findings are important but only indicative. To make direct comparisons between Chicago and the suburban school systems, "composite" districts have been constructed. This is possible because several elementary school districts feed into a single high school district. By taking one elementary district that falls entirely within the boundaries of a high school district, it is possible to apportion the revenues of these several districts into one "composite" set of figures. In this analysis, such apportionments were made according to the student populations of the elementary districts that feed into a high school. If, for instance, an elementary district provided 33% of students to the encompassing high school district, then 33% of the current or constant revenues from the high school district can be attributed to the "composite" district. This makes the revenue situation directly comparable to the Chicago and Elmwood Park unit district systems.

FIGURE 12

TOTAL PER STUDENT CONSTANT DOLLAR REVENUES

1972		1975		1980		1981		1982	
1 Prairie Hills	4,118.91	1 Bloom	2,996.32	1 Prairie Hills	3,320.69	1 Prairie Hills	2,178.75	1 Bloom	2,739.26
2 Kenilworth	2,647.27	2 Prairie Hills	2,207.03	2 New Trier	1,985.42	2 Bloom	2,143.29	2 New Trier	2,236.88
3 New Trier	2,330.39	3 Elmwood Park	1,953.05	3 Chicago	1,660.70	3 New Trier	1,972.35	3 Prairie Hills	2,019.46
4 Bloom	2,179.85	4 New Trier	1,733.64	4 Bloom	1,636.95	4 Kenilworth	1,795.51	4 Chicago	1,394.07
5 Bremen	1,882.86	5 Bremen	1,471.32	5 Elmwood Park	1,530.26	5 East Chicago Hgts.	1,508.56	5 Kenilworth	1,330.41
6 Elmwood Park	1,501.22	6 Chicago	1,445.22	6 East Chicago Hgts.	1,528.80	6 Chicago	1,397.80	6 Elmwood Park	1,317.77
7 East Chicago Hgts.	1,836.75	7 Kenilworth	1,369.02	7 Bremen	1,336.43	7 Bremen	1,318.14	7 East Chicago Hgts.	1,250.22
8 Chicago	1,423.60	8 East Chicago Hgts.	1,042.42	8 Kenilworth	1,149.42	8 Elmwood Park	1,153.34	8 Bremen	1,237.15

PROPERTY TAX REVENUES PER STUDENT IN CONSTANT DOLLARS

1972		1975		1980		1981		1982	
1 Prairie Hills	4,046.16	1 Prairie Hills	2,104.73	1 Prairie Hills	3,084.84	1 Prairie Hills	2,020.48	1 Prairie Hills	1,849.60
2 New Trier	2,039.59	2 New Trier	1,285.67	2 New Trier	1,461.45	2 New Trier	1,344.87	2 New Trier	1,491.98
3 Kenilworth	1,902.56	3 Kenilworth	1,060.25	3 Elmwood Park	1,065.36	3 Kenilworth	833.27	3 Kenilworth	838.99
4 Elmwood Park	1,101.81	4 Bremen	768.51	4 Kenilworth	903.78	4 Elmwood Park	784.64	4 Elmwood Park	784.11
5 Bremen	979.96	5 Elmwood Park	583.36	5 Bremen	629.04	5 Bloom	735.60	5 Bloom	611.72
6 East Chicago Hgts.	873.97	6 Chicago	538.29	6 Bloom	525.60	6 Bremen	598.42	6 Bremen	556.33
7 Chicago	766.85	7 East Chicago Hgts.	421.46	7 East Chicago Hgts.	528.72	7 Chicago	438.48	7 Chicago	418.66
8 Bloom	223.03	8 Bloom	294.23	8 Chicago	487.13	8 East Chicago Hgts.	340.00	8 East Chicago Hgts.	306.87

STATE AID REVENUES PER STUDENT IN CONSTANT DOLLARS

1972		1975		1980		1981		1982	
1 Chicago	428.69	1 Bremen	609.62	1 Chicago	703.46	1 East Chicago Hgts.	812.23	1 Chicago	769.05
2 East Chicago Hgts.	418.38	2 Chicago	576.06	2 East Chicago Hgts.	697.67	2 Chicago	741.91	2 East Chicago Hgts.	646.05
3 Bremen	369.41	3 East Chicago Hgts.	479.76	3 Bremen	628.08	3 Bloom	735.60	3 Bloom	611.72
4 Elmwood Park	316.65	4 Elmwood Park	348.87	4 Bloom	525.60	4 Bremen	636.15	4 Bremen	584.24
5 Bloom	223.03	5 Bloom	294.23	5 New Trier	401.95	5 New Trier	493.83	5 New Trier	434.59
6 New Trier	146.74	6 New Trier	200.32	6 Elmwood Park	309.97	6 Elmwood Park	271.06	6 Kenilworth	274.68
7 Kenilworth	123.67	7 Kenilworth	181.45	7 Kenilworth	129.81	7 Kenilworth	259.22	7 Elmwood Park	266.32
8 Prairie Hills	55.19	8 Prairie Hills	48.60	8 Prairie Hills	66.97	8 Prairie Hills	74.08	8 Prairie Hills	59.14

The rankings for these suburban composite and unit districts are presented in Figure 13. Again, total revenues, property tax revenues, and state aid per student are shown. Chicago's total per student revenues compare unfavorably to the composite districts: Chicago ranks lowest or next to lowest in four out of the five years. It is also worth examining the actual dollar amounts reported in Figure 13. In 1972, Chicago's $1,424 per student is less than half of the top ranking Bremen/Prairie Hills (at $3,001). Through all the years examined here Chicago's per student constant dollar revenues are significantly below the top-ranked composite suburban district. The second part of Figure 13 provides an important finding. In terms of locally generated property taxes per student, Chicago consistently ranks on the bottom. The suburban composite districts bring in far more property taxes per student. In fact, this set of rankings changes little through the five years examined. Comparative levels of state aid show a different picture. Chicago, on this measure of revenues, compares favorably, ranking in the top position in four of the five years. This data also shows that each of the composite suburban districts increased their state aid per student. Particularly striking is the increased levels of state aid for the New Trier/Kenilworth composite district. This extremely wealthy district nearly tripled its state aid per student in constant dollars (that is, state aid per student grew three as fast as inflation, amounting to a six-fold increase in current dollars per student).

Again, the rankings only summarize the basic differences between the Chicago Public Schools and its suburban counterparts. Examining the detailed revenue situation of each will provide a complete picture. It is also important to carefully examine the revenue data of the composite districts because these tables are constructed from the revenues of both elementary and high school districts.

ELMWOOD PARK: Elmwood Park is the only other unit district beside Chicago in Cook County. Revenue data for Elmwood Park are presented in Table 43. Elmwood, despite its relatively high reliance upon locally generated revenues (over 75%), has a relatively stagnant level of local property tax revenues in <u>current</u> dollars. Total property tax revenues have grown from $4.1 million in 1972 to just $4.8 million in 1982. Tax revenues from the Education Fund levy increased from $3.0 million in 1972 to only $3.6 million in 1982. Property tax revenues per student in constant dollars actually fell sharply in Elmwood Park. In 1972, total per student property tax revenue was $1,102; by 1982, this had declined to just $784. Elmwood Park received relatively modest, and only slightly increasing, levels of state basic distributive aid, and special education funds. Nonetheless, total state revenues have consistently contributed about 20% of Elmwood Park's total revenues.

FIGURE 13

TOTAL PER STUDENT IN CONSTANT DOLLAR REVENUES

1972		1975		1980		1981		1982	
1 Bremen/Prairie Hills	3,000.88	1 Bloom/East Chicago Hgts.	2,019.37	1 Bremen/Prairie Hills	2,328.56	1 New Trier/Kenilworth	1,883.93	1 Bloom/East Chicago Hgts.	1,992.24
2 New Trier/Kenilworth	2,388.83	2 Elmwood Park	1,953.05	2 Chicago	1,660.70	2 Bloom/East Chicago Hgts.	1,825.92	2 New Trier/Kenilworth	1,783.64
3 Bloom/East Chicago Hgts.	1,808.30	3 Bremen/Prairie Hills	1,839.18	3 Bloom/East Chicago Hgts.	1,582.87	3 Bremen/Prairie Hills	1,748.44	3 Bremen/Prairie Hills	1,628.30
4 Elmwood Park	1,501.22	4 New Trier/Kenilworth	1,551.33	4 New Trier/Kenilworth	1,567.42	4 Chicago	1,397.80	4 Chicago	1,394.07
5 Chicago	1,423.60	5 Chicago	1,445.22	5 Elmwood Park	1,530.26	5 Elmwood Park	1,153.34	5 Elmwood Park	1,317.77

STATE AID PER STUDENT REVENUE IN CONSTANT DOLLARS

1972		1975		1980		1981		1982	
1 Chicago	428.64	1 Chicago	576.06	1 Chicago	703.46	1 Bloom/East Chicago Hgts.	773.91	1 Chicago	769.05
2 Bloom/East Chicago Hgts.	320.71	2 Bloom/East Chicago Hgts.	387.00	2 Bloom/East Chicago Hgts.	611.64	2 Chicago	741.91	2 Bloom/East Chicago Hgts.	628.39
3 Elmwood Park	316.65	3 Elmwood Park	348.87	3 Bremen/Prairie Hills	347.53	3 New Trier/Kenilworth	376.52	3 New Trier/Kenilworth	354.64
4 Bremen/Prairie Hills	212.30	4 Bremen/Prairie Hills	327.11	4 Elmwood Park	309.97	4 Bremen/Prairie Hills	355.11	4 Bremen/Prairie Hills	321.69
5 New Trier/Kenilworth	135.20	5 New Trier/Kenilworth	190.89	5 New Trier/Kenilworth	265.68	5 Elmwood Park	271.06	5 Elmwood Park	266.32

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PROPERTY TAX REVENUES PER STUDENT IN CONSTANT DOLLARS

1972		1975		1980		1981		1982	
1 Bremen/Prairie Hills	2,513.06	1 Bremen/Prairie Hills	1,436.62	1 Bremen/Prairie Hills	1,856.94	1 Bremen/Prairie Hills	1,309.45	1 Bremen/Prairie Hills	1,202.96
2 New Trier/Kenilworth	1,971.08	2 New Trier/Kenilworth	1,172.96	2 New Trier/Kenilworth	1,182.59	2 New Trier/Kenilworth	1,089.07	2 New Trier/Kenilworth	1,165.48
3 Bloom/East Chicago Hgts.	1,191.64	3 Bloom/East Chicago Hgts.	672.84	3 Elmwood Park	1,065.36	3 Elmwood Park	784.64	3 Elmwood Park	784.11
4 Elmwood Park	1,101.81	4 Elmwood Park	583.36	4 Bloom/East Chicago Hgts.	727.44	4 Bloom/East Chicago Hgts.	571.26	4 Bloom/East Chicago Hgts.	523.89
5 Chicago	768.85	5 Chicago	538.29	5 Chicago	487.13	5 Chicago	438.48	5 Chicago	418.66

TABLE 43: Elmwood Park Reported Revenues, Current Dollars, 1972-1982

	1972	1975	1980	1981	1982
LOCAL					
PROPERTY TAX LEVIES					
Education fund	3,013,397	2,043,121	3,503,504	3,198,868	3,546,864
Building Fund	576,396	399,303	482,884	457,872	475,163
Bond and Interest	317,635	210,978	558,681	499,569	480,923
Transportation	71,755	46,505	78,132	114,208	118,079
Retirement	105,044	77,686	154,759	131,617	141,032
Capital Improvement	0	0	0	0	0
Rent Fund	0	0	0	0	0
Working Cash Fund	60,016	40,697	52,829	47,703	53,690
PROPERTY TAX TOTAL	4,144,243	2,818,290	4,830,789	4,449,837	4,815,751
OTHER	262,477	4,894,901	573,388	424,195	1,577,733
LOCAL TOTAL	4,406,720	7,713,191	5,404,177	4,874,032	6,393,484
STATE					
Basic Distributive Aid	996,256	1,315,013	1,106,039	1,278,774	1,203,325
Special Education	41,314	130,515	208,376	11,099	199,482
Other Basic Aid	0	50,000	0	0	0
CPPR	0	0	0	112,162	103,636
Other	153,454	189,918	91,137	135,174	129,217
STATE TOTAL	1,191,024	1,685,446	1,405,552	1,537,209	1,635,660
FEDERAL					
ESEA	27,973	10,065	73,866	84,263	52,331
Special Education	0	0	0	0	0
Other	20,844	26,722	55,272	45,295	11,802
FEDERAL TOTAL	48,817	36,787	129,138	129,558	64,133
TOTAL REVENUES	5,646,561	9,435,424	6,938,867	6,540,799	8,093,277

TABLE 44: New Trier/Kenilworth Composite District Reported Revenues, Current Dollars, 1972-1982

LOCAL	1972	1975	1980	1981	1982
PROPERTY TAX LEVIES					
Education fund	1,770,733	1,302,301	1,972,171	2,049,310	2,240,085
Building Fund	349,748	227,915	221,238	225,117	273,026
Bond and Interest	391,192	308,477	320,391	330,274	341,531
Transportation	36,494	27,845	58,318	58,311	61,548
Retirement	52,984	48,553	88,661	82,935	74,906
Capital Improvement	0	0	14,589	15,085	7,954
Rent Fund	0	0	0	23	8,081
Working Cash Fund	31,090	33,535	35,710	31,949	38,128
PROPERTY TAX TOTAL	2,632,241	1,948,625	2,711,079	2,793,004	3,045,258
OTHER	374,534	308,771	265,867	1,061,742	681,994
LOCAL TOTAL	3,006,775	2,257,396	2,976,946	3,854,746	3,727,252
STATE					
Basic Distributive Aid	135,709	241,936	507,258	780,814	745,458
Special Education	31,268	48,559	60,604	45,569	17,863
Other Basic Aid	0	0	0	0	37
CPPR	0	0	14,589	66,070	74,085
Other	13,576	26,627	26,625	73,170	89,187
STATE TOTAL	180,553	317,121	609,077	965,622	926,630
FEDERAL					
ESEA	2,676	2,225	7,276	6,609	3,371
Special Education	0	0	0	0	0
Other	116	461	0	4,497	3,196
FEDERAL TOTAL	2,792	2,686	7,276	11,106	6,566
TOTAL REVENUES	3,190,120	2,577,203	3,593,299	4,831,474	4,660,448

NEW TRIER/KENILWORTH: The New Trier High School and Kenilworth Elementary School districts form a "composite" district. This is a wealthy area, representing in our sample high EAV and high 1980 family income. The composite data are generated in this fashion. Kenilworth's average daily attendance (ADA) is between 9% and 11% of New Trier's ADA in the same year. This proportion (between 9% and 11%) is taken out of the New Trier's revenues and added to the Kenilworth revenues to create the composite revenue data. The same methodology is used to generate the revenue data for the other two composite districts.

The composite revenues for New Trier/Kenilworth are presented in Table 44. This district is heavily dependent upon local property tax receipts. Unlike Chicago, where property tax revenues in the limited Education Fund have remained just about the same, here property taxes have increased 28% from $1.8 million in 1972 to $2.3 million in 1982. Overall property tax revenues have also increased from $2.6 million to $3.0 million. The striking finding is the sharp increase in state aid revenues. Basic distributive aid has risen from $135,700 to $745,000. This composite district has also received increasing levels of the CPPR revenues. Chicago, in contrast, has experienced decreasing levels of CPPR revenues from the state. The increase in state aid is dramatic, even in constant dollar per student revenues. Basic state distributive aid grew from $102 per student in 1972 to $285 in 1982. It is important to note that revenues dropped in 1975 as compared with both 1972 and 1980. Thus, together with moderate inflation (prices up 22%) per student constant dollar revenues declined from $2,389 in 1972 to $1,551 in 1975, but exceeded inflation to reach $1,784 in 1982. These are per student revenues that are significantly higher than those in Chicago, however.

BLOOM/EAST CHICAGO HEIGHTS: The Bloom High School and East Chicago Heights Elementary districts form another composite district. This is an area quite unlike the New Trier/Kenilworth district. Here 1980 family income was low. However, the total and per student EAV is relatively high because of the presence of industrial property. The revenues of this composite district are presented in Table 45. The situation here is much different than in New Trier/Kenilworth. Property tax revenues have fallen from $4.6 million in 1972 to $3.5 million in 1982. Many of the individual funds declined in current dollar revenues. This is the case with the Education, Building, and Transportation Funds. In constrast, state aid almost tripled in this ten year period. Basic distributive aid increased from just under $1 million to $2.8 million. Other sources of state aid also increased. This composite, unlike New Trier/Kenilworth, received a significant portion of its total revenues from federal sources. ESEA, for instance, grew from $140,000 in 1972 to $496,000 in 1981. Overall federal revenues more than doubled from $320,000 in 1972 to $773,000 in 1982. The importance of increased state and

TABLE 45: Bloom/East Chicago Heights Composite District Reported Revenue, Current Dollars, 1972-1982

	1972	1975	1980	1981	1982
LOCAL					
PROPERTY TAX LEVIES					
Education fund	2,778,852	2,118,509	2,031,924	1,800,201	1,822,810
Building Fund	748,969	634,610	443,682	400,925	424,243
Bond and Interest	664,997	595,469	931,747	762,934	800,663
Transportation	199,647	161,487	311,303	158,991	157,855
Retirement	104,910	96,331	221,372	224,383	214,326
Capital Improvement	0	0	0	0	0
Rent Fund	24,445	15,333	16,125	15,865	8,153
Working Cash Fund	106,705	81,694	68,766	66,209	65,820
PROPERTY TAX TOTAL	4,628,525	3,703,434	4,024,919	3,429,508	3,493,870
OTHER	829,750	4,839,748	437,032	1,979,100	4,825,374
LOCAL TOTAL	5,458,274	8,543,182	4,461,951	5,408,608	8,319,244
STATE					
Basic Distributive Aid	916,774	1,328,013	1,766,529	2,356,169	2,803,390
Special Education	62,225	116,543	91,963	108,190	119,335
Other Basic Aid	0	226,850	910,011	753,910	0
CPPR	0	0	0	608,593	689,521
Other	266,686	458,691	615,676	819,289	581,891
STATE TOTAL	1,245,686	2,130,097	3,384,178	4,646,151	4,194,138
FEDERAL	0	0	0	0	0
ESEA	139,778	210,135	442,958	495,501	220,379
Special Education	0	0	16,511	17,825	0
Other	180,011	231,567	452,418	393,762	552,761
FEDERAL TOTAL	319,789	441,702	911,887	907,088	773,139
TOTAL REVENUES	7,023,748	11,114,980	8,758,016	10,961,847	13,286,521

federal revenue is highlighted in the per student constant dollars revenue section of this table. Total property tax revenues per student plummeted from $1,192 in 1972 to just $524 in 1982. Total state revenues per student racing ahead of inflation nearly doubled from $321 to $629. Federal revenues also grew from $82 to $116 in 1982.

BREMEN/PRAIRIE HILLS: The Bremen High School and Prairie Hills Elementary School districts form a final suburban composite district. These districts fall in the mid-range of 1980 family income in Cook County. The revenue data for this last composite district is shown on Table 46. Total revenues in current dollars actually fell from $2.5 million in 1972 to $2.2 million in 1982. The largest contributor to this decline was the deterioration of total property tax revenues. The Educational Fund levy remained essentially at the same level in all years dropping slightly from $1.3 million 1972 to $1.2 million in 1982. Sharp declines were experienced in the Building, Bond and Interest, and Retirement Fund levies. In fact, only the Transportation and the Working Cash Fund levies brought in increased revenues. Increased revenues from the state did offset these declines somewhat. Total state aid was $178,000 in 1972 but rose to $441,000 in 1982. Federal revenues increased more than threefold, but still contributed just $11,000 in 1982. Per student constant dollar revenues fell sharply in this district from $3,001 in 1972 to $1,628 in 1982.

A number of important findings are evident from this analysis of the revenues of these Chicago suburban school districts. First, there is a wide range of levels of per student revenues. Wealthy districts have high EAVs and have accepted high tax rates to support public schools. This generates higher per student revenues in these districts than the per student revenues of the Chicago Public Schools. In contrast, the only other unit district, Elmwood, has lower per student revenues than Chicago. Second, the suburban districts are heavily dependent upon local property tax revenues. This is uniformly true of these suburban districts. Where EAV has grown, current dollar property tax revenues have increased. But many of these suburban districts, particularly the elementary districts, have experienced declining current dollar property tax revenues. This is evident from the revenue trends of the composite districts which are constructed on the basis of elementary school districts. In two (Bloom/East Chicago Heights and Bremen/Prairie Hills), total property tax revenues decreased in current dollar terms. Nonetheless, it is still true that property taxes generate most of suburban school revenues. Third, the high school suburban districts have been able to sharply increase their levels of state aid, particularly in the last three years for which we have data. This is the case in all high school districts which were sampled, including the wealthiest, New

TABLE 46: Bremen/Prairie Hills Composite District Reported Revenues, Current Dollars, 1972-1982

	1972	1975	1980	1981	1982
LOCAL					
PROPERTY TAX LEVIES					
Education fund	1,294,735	1,140,597	1,384,753	1,152,267	1,237,749
Building Fund	411,752	320,558	371,556	263,991	237,213
Bond and Interest	331,488	317,237	70,660	30,602	30,779
Transportation	24,212	21,634	20,321	28,939	60,759
Retirement	30,606	33,767	43,917	45,065	19,614
Capital Improvement	0	0	0	0	0
Rent Fund	7,767	7,218	3,364	3,687	3,854
Working Cash Fund	8,014	0	82,959	27,904	58,879
PROPERTY TAX TOTAL	2,108,574	1,841,011	1,977,529	1,552,454	1,648,846
OTHER	227,239	84,165	124,761	88,387	130,612
LOCAL TOTAL	2,335,813	1,925,176	2,102,291	1,640,841	1,779,458
STATE					
Basic Distributive Aid	149,868	354,602	296,639	334,639	347,042
Special Education	464	13,752	10,793	13,838	14,167
Other Basic Aid	0	0	9,789	6,192	0
CPPR	0	0	0	0	10,556
Other	27,797	50,836	52,873	66,345	69,163
STATE TOTAL	178,129	419,190	370,094	421,014	440,929
FEDERAL					
ESEA	1,928	8,684	3,267	4,683	3,763
Special Education	0	0	344	471	3,049
Other	2,013	3,835	3,780	5,896	4,646
FEDERAL TOTAL	3,941	12,519	7,391	11,051	11,458
TOTAL REVENUES	2,517,882	2,356,885	2,479,775	2,072,906	2,231,844

Trier, which increased its basic state distributive aid by over 400%. Fourth, the most important conclusion is that suburban districts are able to generate substantially higher levels of school revenues because the taxpayer essentially pays twice - once to the elementary district and once to the high school. The combined tax rates of an elementary and high school district exceed the rate of a unit district by $0.23/$100 EAV. With referenda, these suburban limits may rise to $7.00/$100 EAV. This multiple taxing capability, not available to a unit district such as Chicago or Elmwood Park, creates higher tax rates and generates more local revenues.

SECTION IX:
SCHOOL PROPERTY TAX BURDEN: CONSTANT WITH INFLATION

In Illinois, property taxes represent the basic source of locally generated revenues. This is true in Chicago, the suburban districts, and nearly all of the Illinois central cities examined in this study. To the average property owner, property taxes seem expensive. The March and August tax bills are the most direct and clearest costs, to the individual, of public education and other public services. To get a more complete picture, it is necessary to analyze the impact of property taxes to the individual, as well as examining the property tax revenues of the Board of Education.

We have seen that local revenues have declined proportionately for the Chicago Public Schools. Property tax revenues from the Board's limited rate levies have grown only slightly since the last general rate change in 1972. Taking into account the effects of inflation, property tax revenues from the limited rate funds have actually fallen significantly. The Board's floating rate levies, in contrast, were extended at a steadily increasing rate. These floating rate levies have quadrupled since 1970.

How has this affected the typical property taxpayer? Table 47 provides data on extended property tax levies in the city of Chicago from tax year 1969 (fiscal 1970) to 1982. The total tax rates from all governments levying taxes (city of Chicago, Board of Education, Metropolitan Sanitary District, City Colleges, Forest Preserve, Cook County, and the School Finance Authority since 1980) are provided. The Board's rates are disaggregated, as are those of the Board and the Finance Authority together. This data shows that property tax rates have increased steadily. In tax year 1969, the total rates was $6.58/$100 EAV. This grew to $10.05/$100 EAV in tax year 1982, a 39% increase in the total tax rate. The total levy of the Board of Education grew 34% during the same period, from $2.53/$100 EAV to $3.83/$100 EAV. Perhaps the most interesting finding on Table 47 is the stable proportion between total levies and those of the school system. As a percentage of total levies, the Board's extended levy rates were 38.5% in 1969, grew to 41.2% in 1977, but have fallen to 38.1% in 1982. Even including the levy extended by the School Finance Authority, total school related levies grew by just 3% in terms of their portion of the total tax levies.

Tables 48 and 49 present data on total and school property taxes in Illinois central cities and the Chicago suburban districts. With few exceptions, the proportion of a total tax bill for educational levies is significantly less in Chicago than in the other districts analyzed in this study. This is true for both the central city and suburban

TABLE 47:

TOTAL TAX LEVIES ALL GOVERNMENTS, CITY OF CHICAGO

	ALL GOVERNMENTS TOTAL RATES	BOARD OF EDUCATION RATE	BOARD OF EDUCATION $ OF TOTAL	BOARD AND FINANCE AUTHORITY RATE	BOARD AND FINANCE AUTHORITY $ OF TOTAL
1982	$10.053 /$100 EAV	$3.826	38.1	$4.197	41.7
1981	$9.538 /$100 EAV	$3.445	36.1	$3.952	41.4
1980	$9.793 /$100 EAV	$3.597	36.7	$4.162	42.5
1979	$9.819 /$100 EAV	$3.628	36.9	—	—
1978	$9.016 /$100 EAV	$3.664	40.6	—	—
1977	$8.974 /$100 EAV	$3.698	41.2	—	—
1976	$8.785 /$100 EAV	$3.553	40.4	—	—
1975	$8.615 /$100 EAV	$3.509	40.7	—	—
1974	$8.557 /$100 EAV	$3.471	40.6	—	—
1973	$8.511 /$100 EAV	$3.444	40.5	—	—
1972	$8.002 /$100 EAV	$3.276	40.9	—	—
1971	$7.850 /$100 EAV	$3.080	39.2	—	—
1970	$7.592 /$100 EAV	$2.710	35.7	—	—
1969	$6.582 /$100 EAV	$2.534	38.5	—	—

TABLE 48: Tax Burden for School and Total Property Tax, Illinois Central Cities

Bloomington	1972	1975	1980	1981	1982
School Property Taxes	2.99	3.08	3.57	3.50	3.42
Total Property Taxes	5.24	5.58	5.80	5.58	5.56
School % of Total	57.1	55.1	61.5	62.7	61.4
Peoria					
School Property Taxes	2.57	2.54	3.45	3.42	3.21
Total Property Taxes	5.35	5.89	7.84	7.98	7.64
School % of Total	48.0	43.1	44.1	42.8	42.1
Moline					
School Property Taxes	3.17	3.15	3.06	3.07	3.48
Total Property Taxes	5.47	5.76	5.67	5.57	6.00
School % of Total	58.1	54.7	54.0	55.0	58.0
East St. Louis					
School Property Taxes	3.34	3.81	4.33	3.99	3.78
Total Property Taxes	7.34	8.45	12.60	12.47	11.44
School % of Total	45.4	45.1	34.4	32.0	33.0
Rockford					
School Property Taxes	2.76	2.71	3.47	3.40	3.53
Total Property Taxes	5.14	5.22	6.58	6.48	7.23
School % of Total	53.8	52.0	52.7	52.6	48.9

TABLE 49: Tax Burden for School and Total Property Taxes, Chicago Suburban Districts

	1972	1975	1980	1981	1982
ELEMENTARY DISTRICTS					
Kenilworth					
School Property Taxes	3.29	3.45	4.27	2.92	3.74
Total Property Taxes	8.40	9.54	12.78	9.82	10.91
School % of Total	39.2	36.2	33.4	29.7	
Prairie Hills					
School Property Taxes	3.15	3.18	2.84	2.91	3.05
Total Property Taxes	8.05	9.09	8.99	9.29	9.52
School % of Total	39.2	35.0	31.6	31.4	32.1
East Chicago Hgts.					
School Property Taxes	2.51	2.59	2.57	2.57	2.67
Total Property Taxes	6.64	7.59	8.77	8.31	8.41
School % of Total	37.7	34.1	29.3	30.9	31.8
HIGH SCHOOL DISTRICTS					
New Trier					
School Property Taxes	2.51	2.65	3.49	2.63	2.80
Total Property Taxes	8.40	9.54	12.78	9.82	10.91
School % of Total	29.9	27.8	27.3	26.8	25.7
Bloom					
School Property Taxes	1.79	2.17	2.57	2.64	2.72
Total Property Taxes	6.64	7.59	8.77	8.31	8.41
School % of Total	26.9	28.7	29.3	31.7	32.3
Bremen					
School Property Taxes	2.55	2.92	2.91	2.85	2.84
Total Property Taxes	8.05	9.09	8.99	9.29	9.52
School % of Total	31.7	32.1	32.4	30.7	29.9
UNIT DISTRICTS					
Elmwood Park					
School Property Taxes	3.46	3.82	4.70	4.69	4.15
Total Property Taxes	6.37	7.40	9.27	9.32	8.32
School % of Total	54.2	51.7	50.7	50.3	49.9
Chicago					
School Property Taxes	3.08	3.47	3.63	3.60	3.45
Total Property Taxes	7.85	8.56	9.82	9.79	9.54
School % of Total	39.2	40.6	36.9	36.7	36.1

districts. In Bloomington and Moline, for instance, about 60% of the property tax bill is for the schools. In Rockford, the same proportion is 50%. The only central cities that are comparable in terms of property taxation for the schools are Peoria and East St. Louis. More striking is the proportion of property taxes for public education in the suburban areas of Cook County. Here the double taxation (for the elementary and high school districts) stands out clearly. In the suburban areas - which have total property tax rates near or above that of Chicago - about two thirds of the tax bill is for the schools! In other words, while the total tax bill on an equally assessed homes in the city and suburbs is about the same, in the suburbs the lion's share of these taxes go to the public schools. Public education property taxation in Chicago compares badly to its suburban counterparts.

What did this actually cost the individual taxpayer? The actual tax bills for an individual taxpayer were collected for this study. These are bills for a single family home purchased for $23,000 in 1969. Its present sale value is between $65,000 and $80,000. It compares nicely to the average sale price in 1983 for homes calculated by the Chicago Title and Trust Company: $69,400. The tax data on this home is presented in Table 50. By taking the original sale price and adjusting it by the Consumer Price Index, its 1982 estimated sale price is $60,147 - again comparable to the Chicago average. In this table, data on assessments, tax rates, actual bills, and the tax bills adjusted for inflation are included. Data on the actual bills are highlighted on the table.

For this average taxpayer, the total tax in 1969 was $419.80; of this, $161.62 went to the School Board. This increased each year to a total bill of $1,037.47 in 1982. In that same year, school property taxes were $394.95 for the Board and another $38.29 for the School Finance Authority. In current dollars, total property taxes in Chicago increased 60%; those of the School Board, 59%.

Taxes have increased because of three reasons. First, property tax rates have increased. Second, property values have increased. On Table 50, the actual assessment of this individual home is provided. Reassessment occurs every four years - in this case, in 1968, 1972, 1976, and 1980. As a result of this, the assessment jumped from $4,196 in 1969 to $6,906 in 1982. This represents a 39% increase. (It should be added that the 1976-1979 period shows some inexplicable anamolies. Reassessment was lowered in 1977 and the EAV for this individual property remained the same in 1977-1979 despite changes in the multiplier.) Lastly, the multiplier for Cook County jumped from 1.52 in 1969-1971 to 1.9288 in tax year 1982. This is a 21% increase. However, it must be noted that the multiplier decreased steadily from 1973 to 1976 when it reached a low point of 1.1453 for 1976 and

TABLE 50: Tax Burden for the Average Homeowner, City of Chicago

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
HOME VALUE														
Estimated Sale Price	23,000	24,339	25,281	26,014	27,625	30,576	32,903	34,552	36,750	39,910	44,912	51,379	56,297	60,147
ASSESSMENT														
Assessment	4,196	4,196	4,196	4,118	4,118	4,118	4,118	4,633	4,361	4,361	4,361	6,906	6,906	6,906
Multiplier	1.52	1.59	1.59	1.59	1.4813	1.4453	1.4483	1.4153	1.4153	1.4966	1.6016	1.7432	1.8548	1.9288
Equalized Assessment	6,378	6,672	6,672	6,548	6,100	5,952	5,964	6,557	6,172	6,172	6,172	12,039	12,809	13,320
Less Exemption	6,378	6,672	6,672	6,548	6,100	5,952	5,964	6,557	6,172	6,172	6,172	9,039	9,809	10,320
EXTENDED TAX RATES														
Total Tax Rate	6.582	6.89	7.85	8.002	8.511	8.557	8.615	8.785	8.974	9.016	9.819	9.793	9.538	10.053
Board of Education	2.534	2.71	3.08	3.276	3.478	3.471	3.509	3.554	3.698	3.664	3.629	3.597	3.445	3.827
School Finance Authority	—	—	—	—	—	—	—	—	—	—	—	0.565	0.507	0.371
ACTUAL TAXES														
Total Tax Rate	419.80	459.70	523.75	523.97	519.17	509.31	513.80	576.03	553.88	556.47	606.03	885.19	935.58	1037.47
Board of Education	161.62	180.81	205.50	214.51	212.16	206.59	209.28	233.04	228.24	226.14	223.98	325.13	337.92	394.95
School Finance Authority	—	—	—	—	—	—	—	—	—	—	—	51.07	49.73	38.29

1977. The declining multiplier served to limit tax increases between 1973 and 1977 to just $16.08 for the Education Fund, and $34.66 overall. The combined effect of increases in the levy rates, increased assessment, and jumps in the multiplier accounts for the increases in property taxes.

The last section of Table 50 shows the effects of inflation. In constant dollars, property taxes to this one taxpayer have not kept pace with inflation. The surprising finding is that in constant dollars, the individual taxpayer is paying $21.00 less overall, and $9.64 less for school property taxes! Compared with 1972, this taxpayer's bill was actually $35.16 lower in 1983 in constant dollars, a 22% decrease. Even including the School Finance Authority levy, his bill was $21.94 lower in 1982 than 1972.

When the average Chicago homeowner's tax bill was compared to a representative suburban bill some interesting facts were discovered. The assessments of the two homes, both reassessed on the same cycle, did not change proportionally. The Chicago home generally ranged between 82% and 91% of the assessed value of the suburban home, but fell to only 66.6% in one year. However, even discounting the suburban tax bills proportionally in each year, it was discovered that the total city tax bill on comparable property ranged 14%-30% lower than for this representative suburan home (in one year, it actually 33% lower). Even more strikingly, total education taxes for the Chicago homeowner were about a third lower than those of the suburban homeowner, and in one year were only half of the education taxes, proportionally, of his suburban neighbor.

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TABLE 1: REPORTED REVENUES, CHICAGO BOARD OF EDUCATION, 1970-1983, CURRENT DOLLARS (in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974 SHORT YEAR	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	225.0	217.5	238.8	253.2	177.5	244.3	228.0	214.1	214.1	237.0	186.2	222.4	181.2	202.3
Building Fund	31.7	46.9	50.0	61.4	31.4	50.8	33.7	47.9	49.8	44.1	43.2	54.6	50.9	56.8
Playground Fund	6.7	6.2	6.9	7.1	5.3	6.4	6.4	6.4	6.6	5.9	5.8	7.3	6.8	7.6
Textbook Fund	9.0	8.3	12.4	13.1	9.5	11.6	11.8	11.7	12.2	10.8	10.6	12.6	12.5	13.9
TOTAL LIMITED RATE LEVIES	272.3	278.9	308.1	334.8	223.7	313.1	279.9	280.1	282.8	297.8	245.7	297.0	251.5	280.6
FLOATING TAX RATE LEVIES														
Teacher's Pension	13.9	13.2	17.7	21.5	15.4	23.0	26.8	27.9	39.4	28.2	36.1	43.0	41.5	43.5
PBC/Oper-Main	0.0	0.0	0.9	3.2	4.2	3.5	4.7	8.3	9.6	11.0	5.3	11.0	14.4	16.0
PBC/Rent	6.1	14.5	13.8	15.3	14.8	22.4	20.9	21.3	21.2	15.4	23.8	21.0	20.8	7.8
Bond Redemption	23.4	26.8	30.5	32.0	32.0	46.0	51.7	60.6	60.3	40.9	51.3	42.5	39.8	38.9
Workman's Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	2.8	6.0	13.1	13.5
Pension Pick-up	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.7
TOTAL FLOATING RATE LEVIES	43.4	54.5	62.9	72.0	66.5	94.9	104.1	118.2	130.5	99.5	119.2	123.5	129.7	149.4
TOTAL TAX LEVIES	315.7	333.4	371.0	406.8	290.2	408.0	384.0	398.2	413.2	397.3	364.9	420.5	381.1	430.0
Interest, Rent, Misc.	13.5	9.3	44.2	21.6	13.6	17.6	13.8	20.9	25.4	25.4	25.2	40.3	35.9	33.6
Lunchroom Sales	9.8	9.1	8.8	9.0	6.3	9.9	9.1	10.1	10.6	14.3	10.3	9.5	9.8	10.3
OTHER TOTAL	23.3	18.4	53.0	30.6	19.9	27.5	22.9	31.0	36.0	39.7	35.5	49.8	45.7	43.9
TOTAL LOCAL REVENUES	339.0	351.8	424.0	437.4	310.1	435.5	406.9	429.2	449.2	437.0	400.4	470.3	426.8	473.9
STATE REVENUES														
Distributive Fund	189.6	209.4	222.2	250.6	197.4	365.1	360.1	454.0	478.6	486.2	515.1	539.6	530.0	520.3
Special Education	16.5	17.0	24.9	26.6	27.7	39.5	50.9	54.1	56.7	66.2	72.9	71.2	73.6	73.7
Other	5.6	7.1	8.4	11.0	7.4	10.2	21.7	32.6	27.6	27.4	31.0	26.4	31.0	28.3
CPPR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	64.9	70.5	57.1	56.9
TOTAL STATE REVENUES	211.8	233.5	255.5	288.2	232.4	414.7	432.7	540.7	562.9	579.8	683.9	707.7	691.7	679.2
FEDERAL REVENUES														
ESEA	32.9	34.1	39.0	43.4	32.7	69.3	50.5	52.1	61.3	71.2	80.4	74.5	64.2	76.9
General and Categorical	18.1	19.5	20.0	16.6	12.1	16.6	25.2	26.4	39.6	40.3	46.6	48.7	39.5	51.2
Community Development	10.8	8.0	9.5	6.3	3.4	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lunchroom	11.3	16.2	22.4	25.7	17.5	34.7	36.0	44.1	47.7	48.2	54.7	58.5	58.4	67.5
TOTAL FEDERAL REVENUES	73.1	77.8	90.9	92.0	65.6	124.6	111.7	122.6	148.6	160.0	181.7	181.7	162.1	195.6
TOTAL OPERATING REVENUES	623.8	663.1	770.3	817.6	608.1	974.9	951.3	1092.5	1160.7	1176.9	1266.0	1359.6	1280.6	1348.7
TOTAL SALE OF BONDS	0.0	25.0	35.0	55.0	0.0	90.0	100.0	45.0	60.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUES	623.8	688.1	805.3	872.6	608.1	1064.9	1051.3	1137.5	1220.7	1176.9	1266.0	1359.6	1280.6	1348.7
TOTAL EXPENDITURES	625.0	718.7	779.5	834.1	587.6	1073.6	1070.0	1086.7	1190.1	1252.1	1319.7	1307.4	1449.6	1456.7

SOURCE: Chicago Board of Education Annual Financial Reports, 1970-1983

TABLE 2: REPORTED REVENUES, CHICAGO BOARD OF EDUCATION, 1970-1983, CONSTANT DOLLARS (in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
Consumer Price Index	113.6	119.1	122.1	126.4	138.7 SHORT YEAR	149.0	159.6	167.5	178.5	193.8	221.3	250.1	276.9	294.0
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	→ 198.0	182.6	195.6	200.3	128.0	164.0	142.9	127.8	119.9	122.3	84.1	88.9	65.5	68.8 ←
Building Fund	27.9	39.4	41.0	48.6	22.6	34.1	21.1	29.6	27.9	22.8	19.5	21.8	18.4	19.3
Playground Fund	5.9	5.2	5.7	5.6	3.8	4.3	4.0	3.8	3.7	3.0	2.6	2.9	2.5	2.6
Textbook Fund	7.9	7.0	10.2	10.4	6.8	7.8	7.4	7.0	6.8	5.6	4.8	5.0	4.5	4.7
TOTAL LIMITED RATE LEVIES	239.7	234.2	252.3	264.9	161.3	210.1	175.4	167.2	158.4	153.7	111.0	118.7	90.8	95.4
FLOATING TAX RATE LEVIES														
Teacher's Pension	12.2	11.1	14.5	17.0	11.1	15.4	16.8	16.7	22.1	14.6	16.3	17.2	15.0	14.8
FSC/Oper-Main	0.0	0.0	0.7	2.5	3.0	2.4	3.0	5.0	5.4	5.7	2.4	4.4	5.2	5.4
FSC/Rent	5.4	12.2	11.3	12.1	10.7	15.0	13.1	12.7	11.9	8.0	10.7	8.4	7.5	2.7
Bond Redemption	20.6	22.5	25.0	25.3	23.1	30.9	32.4	36.2	33.8	21.1	23.2	17.0	14.4	13.2
Workmen's Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	1.3	2.4	4.7	4.6
Pension Pick-up	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.1
TOTAL FLOATING RATE LEVIES	38.2	45.8	51.5	57.0	47.9	63.7	65.2	70.5	73.1	51.3	53.9	49.4	46.8	50.8
TOTAL TAX LEVIES	277.9	279.9	303.8	321.8	209.2	273.8	240.6	237.8	231.5	205.0	164.9	168.1	137.6	146.3
Interest, Rent, Misc.	11.9	7.8	36.2	17.1	9.8	11.8	8.6	12.5	14.2	13.1	11.4	16.1	13.0	11.4
Lunchroom Sales	8.6	7.6	7.2	7.1	4.5	6.6	5.7	6.0	5.9	7.4	4.7	3.8	3.5	3.5
OTHER TOTAL	20.5	15.4	43.4	24.2	14.3	18.5	14.3	18.5	20.2	20.5	16.0	19.9	16.5	14.9
TOTAL LOCAL REVENUES	298.4	295.4	347.2	346.0	223.5	292.3	254.9	256.3	251.7	225.5	180.9	188.0	154.1	161.2
STATE REVENUES														
Distributive Fund	166.9	175.9	182.0	198.2	142.3	245.0	225.6	271.0	268.1	250.9	232.8	215.7	191.4	177.0
Special Education	14.5	14.3	20.4	21.1	19.9	26.5	31.9	32.3	31.8	34.2	32.9	28.5	26.6	25.1
Other	4.9	5.9	6.9	8.7	5.3	6.8	13.6	19.5	15.5	14.1	14.0	10.6	11.2	9.6
CPPR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.3	28.2	20.6	19.4
TOTAL STATE REVENUES	186.4	196.1	209.3	228.0	167.6	278.3	271.1	322.8	315.3	299.2	309.0	283.0	249.8	231.0
FEDERAL REVENUES														
ESEA	28.9	28.6	31.9	34.4	23.6	46.5	31.6	31.1	34.3	36.8	36.3	29.8	23.2	26.2
General and Categorical	15.9	16.4	16.4	13.1	8.7	11.1	15.8	15.8	22.2	20.8	21.1	19.5	14.3	17.4
Community Development	9.5	6.7	7.8	5.0	2.5	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lunchroom	9.9	13.6	18.3	20.3	12.6	23.3	22.6	26.3	26.7	24.9	24.7	23.4	21.1	23.0
TOTAL FEDERAL REVENUES	64.3	65.3	74.4	72.8	47.3	83.6	70.0	73.2	83.2	82.6	82.1	72.6	58.5	66.5
TOTAL OPERATING REVENUES	549.1	556.7	630.9	646.8	438.5	654.3	596.1	652.2	650.3	607.3	572.1	543.6	462.5	458.7
TOTAL SALE OF BONDS	0.0	21.0	28.7	43.5	0.0	60.4	62.7	26.9	33.6	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUES	549.1	577.7	659.6	690.4	438.5	714.7	658.7	679.1	683.9	607.3	572.1	543.6	462.5	458.7
TOTAL EXPENDITURES	550.2	603.4	638.4	659.9	423.6	720.5	670.4	648.8	666.7	646.1	596.4	522.8	523.5	495.5

SOURCE: Chicago Board of Education Annual Financial Reports, 1970-1983

TABLE 4: REPORTED REVENUES, CHICAGO BOARD OF EDUCATION, 1970-1983, PER STUDENT CONSTANT DOLLARS

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
Average Daily Membership	567,404	566,630	556,052	546,450	534,420 (Adjusted)	527,299	520,213	512,577	498,584	481,507	465,405	448,828	434,095	433,915
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	$349	$322	$352	$367	$359	$311	$275	$249	$241	$254	$181	$198	$151	$159
Building Fund	49	69	74	89	63	65	41	56	56	47	42	49	42	45
Playground Fund	10	9	10	10	11	8	8	7	7	6	6	6	6	6
Textbook Fund	14	12	18	19	19	15	14	14	14	12	10	11	10	11
TOTAL LIMITED RATE LEVIES	422	413	454	485	453	399	337	326	318	319	239	265	209	220
FLOATING TAX RATE LEVIES														
Teacher's Pension	22	20	26	31	31	29	32	33	44	30	35	38	35	34
PEC/Oper-Main	0	0	1	5	9	4	6	10	11	12	5	10	12	13
PEC/Rent	9	21	20	22	30	29	25	25	24	17	23	19	17	6
Bond Redemption	36	40	45	46	65	59	62	71	68	44	50	38	33	30
Workmen's Comp	0	0	0	0	0	0	0	0	0	4	3	5	11	11
Pension Pick-up	0	0	0	0	0	0	0	0	0	0	0	0	0	23
TOTAL FLOATING RATE LEVIES	67	81	93	104	135	121	125	138	147	107	116	110	108	117
TOTAL TAX LEVIES	490	494	546	589	587	519	462	464	464	426	354	375	317	337
Interest, Rent, Misc.	21	14	65	31	28	22	17	24	29	27	24	36	30	26
Lunchroom Sales	15	13	13	13	13	13	11	12	12	15	10	8	8	8
OTHER TOTAL	36	27	78	44	40	35	28	36	40	43	34	44	38	34
TOTAL LOCAL REVENUES	526	521	624	633	627	554	490	500	505	468	389	419	355	371
STATE REVENUES														
Distributive Fund	294	310	327	363	399	465	434	529	538	521	500	481	441	408
Special Education	26	25	37	39	56	50	61	63	64	71	71	63	61	58
Other	9	10	12	16	15	13	26	38	31	29	30	24	26	22
CPPR	0	0	0	0	0	0	0	0	0	0	63	63	48	45
TOTAL STATE REVENUES	329	346	376	417	470	528	521	630	632	621	664	630	575	532
FEDERAL REVENUES														
ESEA	51	50	57	63	66	88	61	61	69	76	78	66	53	60
General and Categorical	28	29	29	24	24	21	30	31	44	43	45	43	33	40
Community Development	17	12	14	9	7	5	0	0	0	0	0	0	0	0
Lunchroom	18	24	33	37	35	44	43	51	54	52	53	52	49	53
TOTAL FEDERAL REVENUES	113	115	134	133	133	159	135	143	167	172	176	162	135	153
TOTAL OPERATING REVENUES	968	983	1135	1184	1231	1241	1146	1272	1304	1261	1229	1211	1065	1057
TOTAL SALE OF BONDS	0	37	52	80	0	115	120	52	67	0	0	0	0	0
TOTAL REVENUES	968	1020	1186	1263	1231	1355	1266	1325	1372	1261	1229	1211	1065	1057
TOTAL EXPENDITURES	970	1065	1148	1208	1139	1366	1289	1266	1337	1342	1281	1165	1206	1142

SOURCE: Chicago Board of Education: Annual Financial Reports, 1970-1983

TABLE 5: LOCAL REVENUES (in millions)

CURRENT DOLLARS

	FY1970	FY1971	FY1972	FY1973	FY1974 SHORT YEAR	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	225.0	217.5	238.8	253.2	177.5	244.3	228.0	214.1	214.1	237.0	136.2	222.4	181.2	202.3
Building Fund	31.7	46.9	50.0	61.4	31.4	50.8	33.7	47.9	49.8	44.1	43.2	54.6	50.9	56.8
Playground Fund	6.7	6.2	6.9	7.1	5.3	6.4	6.4	6.4	6.6	5.9	5.8	7.3	6.8	7.6
Textbook Fund	9.0	8.3	12.4	13.1	9.5	11.6	11.8	11.7	12.2	10.8	10.6	12.6	12.5	13.9
TOTAL LIMITED RATE LEVIES	272.3	278.9	308.1	334.8	223.7	313.1	279.9	280.1	282.8	297.8	245.7	297.0	251.5	280.6
FLOATING TAX RATE LEVIES														
Teacher's Pension	13.9	13.2	17.7	21.5	15.4	23.0	25.8	27.9	39.4	29.2	36.1	43.0	41.5	43.5
PEC/Oper-Main	0.0	0.0	0.9	3.2	4.2	3.5	4.7	8.3	9.6	11.0	5.3	11.0	14.4	16.0
PEC/Rent	6.1	14.5	13.8	15.3	14.8	22.4	20.9	21.3	21.2	15.4	23.8	21.0	20.8	7.8
Bond Redemption	23.4	26.8	30.5	32.0	32.0	46.0	51.7	60.6	60.3	40.9	51.3	42.5	39.8	38.9
Workman's Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	2.8	6.0	13.1	13.5
Pension Pick-up	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.7
TOTAL FLOATING RATE LEVIES	43.4	54.5	62.9	72.0	66.5	94.9	104.1	118.2	130.5	99.5	119.2	123.5	129.7	149.4
TOTAL TAX LEVIES	315.7	333.4	371.0	406.8	290.2	408.0	384.0	398.2	413.2	397.3	364.9	420.5	381.1	430.0
Interest, Rent, Misc.	13.5	9.3	44.2	21.6	13.6	17.6	13.8	20.9	25.4	25.4	25.2	40.3	35.9	33.6
Lunchroom Sales	9.8	9.1	8.8	9.0	6.3	9.9	9.1	10.1	10.6	14.3	10.3	9.5	9.8	10.3
OTHER TOTAL	23.3	18.4	53.0	30.6	19.9	27.5	22.9	31.0	36.0	39.7	35.5	49.8	45.7	43.9
TOTAL LOCAL REVENUES	339.0	351.8	424.0	437.4	310.1	435.5	406.9	429.2	449.2	437.0	400.4	470.3	426.8	473.9

CONSTANT DOLLARS

	FY1970	FY1971	FY1972	FY1973	FY1974 SHORT YEAR	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
Consumer Price Index	113.6	119.1	122.1	126.4	138.7	149.0	159.6	167.5	178.5	193.8	221.3	250.1	276.9	294.0
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	198.0	182.6	195.6	200.3	128.0	164.0	142.9	127.8	119.9	122.3	34.1	88.9	65.5	68.8
Building Fund	27.9	39.4	41.0	48.6	22.6	34.1	21.1	28.6	27.9	22.8	19.5	21.8	18.4	19.3
Playground Fund	5.9	5.2	5.7	5.6	3.8	4.3	4.0	3.8	3.7	3.0	2.6	2.9	2.5	2.6
Textbook Fund	7.9	7.0	10.2	10.4	6.8	7.8	7.4	7.0	6.3	5.6	4.8	5.0	4.5	4.7
TOTAL LIMITED RATE LEVIES	239.7	234.2	252.3	264.9	161.3	210.1	175.4	167.2	158.4	153.7	111.0	118.7	90.9	95.4
FLOATING TAX RATE LEVIES														
Teacher's Pension	12.2	11.1	14.5	17.0	11.1	15.4	15.8	16.7	22.1	14.6	16.3	17.2	15.0	14.8
PEC/Oper-Main	0.0	0.0	0.7	2.5	3.0	2.4	3.0	5.0	5.4	5.7	2.4	4.4	5.2	5.4
PEC/Rent	5.4	12.2	11.3	12.1	10.7	15.0	13.1	12.7	11.9	8.0	10.7	8.4	7.5	2.7
Bond Redemption	20.6	22.5	25.0	25.3	23.1	30.9	32.4	36.2	33.8	21.1	23.2	17.0	14.4	13.2
Workman's Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	1.3	2.4	4.7	4.6
Pension Pick-up	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.1
TOTAL FLOATING RATE LEVIES	38.2	45.8	51.5	57.0	47.9	63.7	65.2	70.5	73.1	51.3	53.9	49.4	46.8	50.8
TOTAL TAX LEVIES	277.9	279.9	303.8	321.8	209.2	273.8	240.6	237.8	231.5	205.0	164.9	163.1	137.6	146.3
Interest, Rent, Misc.	11.9	7.8	36.2	17.1	9.8	11.8	8.6	12.5	14.2	13.1	11.4	16.1	13.0	11.4
Lunchroom Sales	8.6	7.6	7.2	7.1	4.5	6.6	5.7	6.0	5.9	7.4	4.7	3.8	3.5	3.5
OTHER TOTAL	20.5	15.4	43.4	24.2	14.3	18.5	14.3	18.5	20.2	20.5	16.0	19.9	16.5	14.9
TOTAL LOCAL REVENUES	298.4	295.4	347.2	346.0	223.5	292.3	254.9	256.3	251.7	225.5	180.9	183.0	154.1	161.2

TABLE 6: PUBLIC SCHOOL TAX LEVIES

Tax Year	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Assessed Value	8,002,129	7,970,098	8,289,470	8,286,385	8,479,974	8,506,569	8,444,318	8,879,452	9,058,196	9,019,177	6,547,070	6,940,529	7,118,282	7,336,349
Multiplier	1.5200	1.5900	1.5900	1.5900	1.4813	1.4453	1.4483	1.4153	1.4153	1.4966	1.6016	1.7432	1.8948	1.9298
Equalized Assessed Value (in millions)	12,163,236	12,672,456	13,180,257	13,175,352	12,561,386	12,298,544	12,229,906	12,567,089	12,820,065	13,498,101	10,485,787	12,098,730	13,282,915	14,149,772
FIXED RATE TAX LEVIES														
Education	1.8704	1.9296	2.0287	2.1100	2.2175	2.1100	2.1098	2.0605	2.0312	2.0039	1.9665	1.9427	1.6100	2.1099
Building	0.2554	0.2714	0.4221	0.4452	0.4528	0.4218	0.3574	0.3872	0.4332	0.4274	0.4194	0.4499	0.4500	0.4500
Textbook	0.0466	0.0768	0.0769	0.1100	0.0759	0.1100	0.1100	0.1074	0.1059	0.1045	0.1025	0.1100	0.1100	0.1100
Playground	0.0419	0.0576	0.0577	0.0600	0.0529	0.0600	0.0600	0.0586	0.0578	0.0570	0.0559	0.0600	0.0600	0.0600
TOTAL FIXED EXTENSIONS	2.2143	2.3354	2.5854	2.7252	2.8091	2.7018	2.6372	2.6137	2.6280	2.5927	2.5444	2.5625	2.2300	2.7299
FLOATING TAX LEVIES														
Teacher's Pension	0.0857	0.1192	0.1218	0.1958	0.1908	0.2020	0.2185	0.2381	0.3164	0.2842	0.2979	0.3403	0.3504	0.3150
Workman's Comp	—	—	—	—	—	—	—	—	—	0.0119	0.0381	0.0318	0.1368	0.1001
PBC/Oper-Main	—	—	0.0013	0.0077	0.0298	0.0395	0.0332	0.0436	0.0746	0.0818	0.1090	0.0706	0.2222	0.1194
PBC/Rental	0.0065	0.0525	0.1255	0.1238	0.1339	0.1767	0.1718	0.1939	0.1911	0.1802	0.1536	0.2082	0.1673	0.0572
Bond Redemption	0.2260	0.2006	0.2956	0.2621	0.2803	0.3506	0.4480	0.4680	0.4872	0.5129	0.4955	0.3836	0.3398	0.2910
Pension Pickup	—	—	—	—	—	—	—	—	—	—	—	—	—	0.2138
Others	0.0001	0.0013	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	0.0001	—	—	—	—	—
TOTAL FLOATING EXTENSIONS	0.3183	0.3735	0.4444	0.5894	0.6349	0.7688	0.8714	0.9395	1.0694	1.0711	1.0840	1.0944	1.2165	1.0962
SCHOOL BOARD TOTAL	2.5326	2.7089	3.0798	3.2747	3.4440	3.4707	3.5087	3.5532	3.6975	3.6638	3.6284	3.5970	3.4465	3.8261
SCHOOL FINANCE AUTHORITY	—	—	—	—	—	—	—	—	—	—	—	0.5650	0.5070	0.3710
WITH FINANCE AUTHORITY	2.5326	2.7089	3.0798	3.2747	3.4440	3.4707	3.5087	3.5532	3.6975	3.6638	3.6284	4.1620	3.9515	4.1971

TABLE 12: STATE AID TO THE CHICAGO PUBLIC SCHOOLS (in millions)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982
STATE AID													
Distributive	178.3	198.1	210.0	236.7	184.0	342.5	360.8	453.9	475.2	485.3	508.2	536.0	531.1
Distributive-Summer	3.9	4.8	5.3	7.4	8.8	11.7	1.1	2.3	1.4	0.0	.0	2.7	2.3
Vocational Ed	3.2	2.9	3.0	2.9	1.9	1.8	2.9	2.2	1.7	0.4	6.4	4.7	5.6
Special Ed													
Handicapped	12.5	9.3	14.8	11.7	11.6	23.0	26.3	31.1	29.0	38.0	36.6	32.8	28.2
Extraordinary Care	0.0	0.0	0.0	0.0	2.1	1.5	3.6	6.6	6.2	7.3	8.7	11.1	12.2
Equipment	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tuition	0.7	1.6	2.8	3.4	3.7	3.4	2.1	5.8	7.1	5.1	5.5	5.9	5.7
Transportation	1.6	4.2	5.1	6.7	6.9	11.3	10.8	11.4	14.5	14.5	20.1	19.3	26.3
Building	1.6	1.8	2.2	4.9	3.3	0.2	8.2	-0.8	0.0	0.0	0.0	0.0	0.0
Special Education Total	16.5	17.0	24.9	26.6	27.7	39.5	50.9	54.1	56.7	64.8	70.9	69.1	72.4
Parental school	1.5	1.5	1.3	1.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tuition-Orphanages	0.3	0.1	0.2	1.5	0.7	2.7	1.8	.0	0.0	0.0	0.7	0.1	0.2
Driver Ed	1.4	1.4	1.8	1.8	1.3	2.2	1.4	2.2	2.2	1.9	1.4	1.6	3.3
Adult Ed	1.5	1.2	1.3	0.4	0.1	0.3	0.4	0.2	0.2	0.4	0.3	0.4	0.4
Gifted student	1.1	1.2	0.7	1.1	0.9	1.0	0.6	0.8	0.9	1.0	1.0	1.8	1.8
Free Meal	4.0	5.3	6.2	6.1	4.1	7.3	7.4	7.9	8.2	7.3	7.9	7.7	6.7
Bilingual	0.0	0.1	0.7	2.0	2.8	5.7	5.3	9.9	9.8	9.9	12.4	13.1	12.9
Other	.0	.0	0.1	0.4	0.1	0.1	0.1	0.1	0.1	5.9	9.7	0.1	0.7
STATE TOTAL	211.8	233.5	255.5	288.2	232.5	414.7	432.7	533.6	556.4	576.8	618.9	637.3	637.4

TABLE 13: STATE AID TO THE CHICAGO PUBLIC SCHOOLS ADJUSTED FOR INFLATION (Constant Dollars)

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982
Consumer Price Index	113.6	119.1	122.1	126.4	138.7	149.0	159.6	167.5	178.5	193.8	221.3	250.1	276.9
STATE AID													
Distributive	149.7	162.2	166.1	170.7	123.5	214.6	215.4	254.3	245.2	219.3	203.2	193.6	191.8
Distributive-Summer	3.3	3.9	4.2	5.3	5.9	7.3	0.7	1.3	0.7	0.0	.0	1.0	0.8
Vocational Ed	2.7	2.3	2.4	2.1	1.3	1.1	1.7	1.2	0.9	0.2	2.6	1.7	2.0
Special Ed													
Handicapped	10.5	7.6	11.7	8.4	7.8	14.4	15.7	17.4	15.0	17.2	14.6	11.9	10.2
Extraordinary Care	0.0	0.0	0.0	0.0	1.4	1.0	2.1	3.7	3.2	3.3	3.5	4.0	4.4
Equipment	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tuition	0.6	1.3	2.2	2.5	2.5	2.1	1.3	3.2	3.6	2.3	2.2	2.1	2.1
Transportation	1.3	3.4	4.0	4.8	4.7	7.1	6.4	6.4	7.5	6.5	8.0	7.0	9.5
Building	1.4	1.5	1.8	3.5	2.2	0.1	4.9	-0.4	0.0	0.0	0.0	0.0	0.0
Special Education Total	13.9	13.9	19.7	19.2	18.6	24.7	30.4	30.3	29.2	29.3	28.3	25.0	26.2
Parental school	1.2	1.2	1.0	0.8	.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tuition-Orphanages	0.2	0.1	0.2	1.1	0.5	1.7	1.1	.0	0.0	0.0	0.3	.0	0.1
Driver Ed	1.2	1.2	1.4	1.3	0.9	1.4	0.8	1.2	1.1	0.9	0.6	0.6	1.2
Adult Ed	1.3	1.0	1.1	0.3	0.1	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.1
Gifted student	1.0	1.0	0.6	0.8	0.6	0.6	0.3	0.5	0.5	0.4	0.4	0.6	0.6
Free Meal	3.3	4.3	4.9	4.4	2.8	4.6	4.4	4.4	4.2	3.3	3.2	2.8	2.4
Biligual	0.0	.0	0.5	1.5	1.9	3.6	3.2	5.5	5.1	4.5	5.0	4.7	4.7
Other	.0	.0	0.1	0.3	0.1	0.1	0.1	.0	.0	2.7	3.9	.0	0.3
STATE TOTAL	177.8	191.3	202.1	207.8	156.0	259.9	258.3	298.9	287.1	260.6	247.5	230.1	230.2

TABLE 15: CHANGES IN STATE AID, CONSTANT DOLLARS

	Percent Change between 1970-1977	Percent Change between 1970-1982
STATE AID		
Distributive	62.9	15.3
Distributive-Summer	-65.9	-79.7
Vocational Ed	-45.5	-15.1
Special Ed	126.1	83.3
Handicapped	136.6	30.0
Extraordinary Care	—	—
Equipment	—	—
Tuition	150.1	49.2
Transportation	93.1	169.8
Building	-129.6	-100.0
Parental school	-100.0	-100.0
Tuition-Orphanages	-105.6	-47.2
Driver Ed	10.0	1.1
Adult Ed	-85.9	-85.0
Gifted student	-49.0	-35.8
Free Meal	6.5	-45.5
Biligual	12884.5	10200.6
Other	43.9	655.3
STATE TOTAL	66.8	21.9

TABLE 17:
Reported Revenues, Chicago Board of Education
Current Dollars (in millions), 1970-1983

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	225.0	217.5	238.8	253.2	177.5	244.3	228.0	214.1	214.1	237.0	186.2	222.4	181.2	202.3
Building Fund	31.7	46.9	50.0	61.4	31.4	50.8	33.7	47.9	49.8	44.1	43.2	54.6	50.9	56.8
Playground Fund	6.7	6.2	6.9	7.1	5.3	6.4	6.4	6.4	6.6	5.9	5.8	7.3	6.8	7.6
Textbook Fund	9.0	8.3	12.4	13.1	9.5	11.6	11.8	11.7	12.2	10.8	10.6	12.6	12.5	13.9
TOTAL LIMITED RATE LEVIES	272.3	278.9	308.1	334.8	223.7	313.1	279.9	280.1	282.8	297.8	245.7	297.0	251.5	280.6
FLOATING TAX RATE LEVIES														
Teacher's Pension	13.9	13.2	17.7	21.5	15.4	23.0	26.8	27.9	39.4	28.2	36.1	43.0	41.5	43.5
PBC/Oper-Main	0.0	0.0	0.9	3.2	4.2	3.5	4.7	8.3	9.6	11.0	5.3	11.0	14.4	16.0
PBC/Rent	6.1	14.5	13.8	15.3	14.8	22.4	20.9	21.3	21.2	15.4	23.8	21.0	20.8	7.8
Bond Redemption	23.4	26.8	30.5	32.0	32.0	46.0	51.7	60.6	60.3	40.9	51.3	42.5	39.8	38.9
Workmen's Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	2.8	6.0	13.1	13.5
TOTAL FLOATING TAX LEVIES	43.4	54.5	62.9	72.0	66.5	94.9	104.1	118.2	130.5	99.5	119.2	123.5	129.7	119.7
TOTAL TAX LEVIES	315.7	333.4	371.0	406.8	290.2	408.0	384.0	398.2	413.2	397.3	364.9	420.5	381.1	400.3
OTHER REVENUES	13.5	9.3	44.2	21.6	13.6	17.6	13.8	20.9	25.4	25.4	25.2	40.3	35.9	63.3
Lunchroom Sales	9.8	9.1	8.8	9.0	6.3	9.9	9.1	10.1	10.6	14.3	10.3	9.5	9.8	10.3
TOTAL LOCAL REVENUES	339.0	351.8	424.0	437.4	310.1	435.5	406.9	429.2	449.2	437.0	400.4	470.3	426.8	473.9
STATE REVENUES														
Distributive Fund	189.6	209.4	222.2	250.6	197.4	365.1	360.1	458.0	478.6	486.2	515.1	539.6	530.0	520.3
Special Education	16.5	17.0	24.9	26.6	27.7	39.5	50.9	54.1	56.7	66.2	72.9	71.2	73.6	73.7
Other	5.6	7.1	8.4	11.0	7.4	10.2	21.7	32.6	27.6	27.4	95.9	96.9	88.1	85.2
TOTAL STATE REVENUES	211.8	233.5	255.5	288.2	232.4	414.7	432.7	540.7	562.9	579.8	683.9	707.7	691.7	679.2
FEDERAL REVENUES														
ESEA	32.9	34.1	39.0	43.4	32.7	69.3	50.5	52.1	61.3	71.2	80.4	74.5	64.2	76.9
OTHER REVS	28.9	27.5	29.5	22.9	15.4	20.6	25.2	26.4	39.6	40.6	46.6	48.7	39.5	51.2
LUNCHROOM	11.3	16.2	22.4	25.7	17.5	34.7	36.0	44.1	47.7	48.2	54.7	58.5	58.4	67.5
TOTAL FEDERAL REVENUES	73.1	77.8	90.9	92.0	65.6	124.6	111.7	122.6	148.6	160.0	181.7	181.7	162.1	195.6
TOTAL OPERATING REVENUES	623.8	663.1	770.3	817.6	608.1	974.9	951.3	1092.5	1160.7	1176.9	1266.0	1359.6	1280.6	1348.7
TOTAL SALE OF BONDS	0.0	25.0	35.0	55.0	0.0	90.0	100.0	45.0	60.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUES	623.8	688.1	805.3	872.6	608.1	1064.9	1051.3	1137.5	1220.7	1176.9	1266.0	1359.6	1280.6	1348.7

TABLE 18:
BUDGETED REVENUES 1970-1983
CURRENT DOLLARS (IN MILLION'S)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
EDUCATION FUND	211.6	222.5	243.3	247.5	161.2	230.6	225.7	224.6	230.7	224.6	224.1	204.4	243.6	254.2
BUILDING FUND	29.6	31.9	51.3	52.8	31.4	46.3	39.6	47.9	49.2	47.9	47.8	54.3	52.3	63.4
PLAYGROUND FUND	6.3	6.6	6.9	7.0	4.6	6.6	6.4	6.4	6.6	6.4	6.4	7.2	7.0	7.6
TEXTBOOK FUND	8.4	8.9	12.7	12.9	8.4	12.0	11.8	11.7	12.2	11.7	11.7	13.3	12.8	13.9
TOTAL LIMITED RATE FUNDS	256.0	270.0	314.2	320.2	205.6	295.5	283.5	290.5	298.7	290.6	290.0	279.2	315.7	339.1
FLOATING RATE LEVIES														
TEACHERS PENSION	13.9	14.6	18.7	21.3	15.4	22.1	26.8	34.7	31.8	42.3	42.7	45.8	48.7	50.5
PLC/OPER-MAIN	.0	0.2	0.9	3.3	4.2	3.5	4.8	8.3	9.6	11.0	11.3	12.5	15.6	16.2
PLC/RENT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.4	21.3
BOND REDEMPTION	24.2	23.0	26.3	28.3	32.0	29.6	37.6	49.2	53.0	56.4	51.4	48.3	47.7	46.7
WORKMAN'S COMP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	3.5	6.0	13.2	13.6
TOTAL FLOATING RATE LEVIES	38.2	37.8	45.8	53.0	51.6	55.3	69.1	92.3	94.4	113.7	108.9	112.7	146.7	148.4
TOTAL TAX LEVIES	294.2	307.7	360.1	373.2	257.2	350.7	352.6	382.8	393.1	404.2	398.9	391.9	462.4	487.5
MISC. REVS.	9.2	8.1	6.7	5.7	8.5	21.2	7.8	6.3	6.9	17.1	8.3	8.3	28.7	21.9
LUNCHROOM SALES	0.0	0.0	0.0	10.0	6.8	9.1	10.3	9.5	10.2	10.9	17.2	10.5	10.5	9.6
TOTAL LOCAL REVENUES	303.3	315.8	366.7	388.9	272.5	381.0	370.7	398.7	410.2	432.3	424.4	410.7	501.6	518.9
STATE REVS														
DISTRIB FUND	147.2	204.9	183.2	186.5	161.6	307.1	368.5	404.8	409.7	431.3	445.1	475.7	495.4	480.0
SPECIAL EDUCATION	16.1	16.9	19.6	22.2	19.5	42.2	46.5	48.0	56.7	61.0	69.9	70.0	63.3	67.6
OTHER	27.6	34.1	34.8	52.3	40.3	63.4	73.3	70.7	75.5	86.6	86.6	77.4	84.8	101.0
TOTAL STATE REVS	190.9	255.9	237.6	261.0	221.4	412.7	488.3	523.5	541.9	578.8	601.5	623.1	643.5	648.6
FEDERAL REVS														
ESEA	28.3	31.5	39.9	44.9	40.5	62.3	68.9	58.2	66.8	80.4	91.2	83.2	70.5	73.2
OTHER	33.9	37.7	37.0	36.0	16.0	21.4	35.3	34.1	45.1	65.0	95.3	55.8	36.9	44.7
LUNCHROOM	0.0	0.0	0.0	23.8	16.1	28.4	34.8	37.1	44.8	50.9	48.0	56.2	62.3	62.3
TOTAL FEDERAL REVS	62.2	69.3	76.9	104.8	72.6	112.1	139.0	129.4	156.7	196.3	234.5	195.3	169.7	180.2
TOTAL OPERATING REVS	556.4	641.0	681.2	754.7	566.5	905.8	998.1	1051.5	1108.9	1207.4	1260.4	1229.1	1331.3	1347.7
SALE OF BONDS	0.3	0.2	0.5	50.3	86.5	193.3	127.8	97.0	48.6	48.1	62.5	0.0	0.0	0.0
TOTAL REVENUES	556.7	641.3	681.7	805.0	653.0	1099.1	1125.8	1148.5	1157.5	1255.5	1322.9	1229.1	1331.3	1347.7

TABLE 19:
DIFFERENCE BETWEEN Reported Revenues & BUDGETED REVENUES, Chicago Board of Education
Current Dollars (in millions), 1970-1983

	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983
LOCAL REVENUES														
LIMITED TAX RATE LEVIES														
Education Fund	13.4	-5.0	-4.5	5.7	16.3	13.7	2.3	-10.5	-16.6	12.4	-38.0	18.1	-62.4	-51.9
Building Fund	2.0	15.0	-1.3	8.6	0.0	4.5	-5.9	0.0	0.6	-3.8	-4.6	0.3	-1.3	-6.6
Playground Fund	0.4	-0.4	.0	0.1	0.7	-0.2	.0	0.0	0.1	-0.5	-0.6	.0	-0.2	0.0
Textbook Fund	0.5	-0.6	-0.3	0.2	1.1	-0.4	.0	0.0	.0	-0.9	-1.1	-0.7	-0.3	.0
TOTAL LIMITED RATE LEVIES	16.3	8.9	-6.1	14.6	18.1	17.6	-3.6	-10.5	-16.0	7.2	-44.3	17.7	-64.2	-58.5
FLOATING TAX RATE LEVIES														
Teacher's Pension	0.0	-1.4	-1.0	0.2	0.0	0.9	.0	-6.8	7.7	-14.1	-6.6	-2.8	-7.3	-7.0
FSC/Oper-Main	.0	-0.2	.0	-0.1	.0	.0	-0.1	.0	.0	0.0	-6.1	-1.6	-1.3	-0.2
FSC/Rent	6.1	14.5	13.8	15.3	14.8	22.4	20.9	21.3	21.2	15.4	23.8	21.0	-0.5	-13.5
Bond Redemption	-0.9	3.8	4.2	3.7	.0	16.4	14.2	11.4	7.2	-15.5	-0.1	-5.8	-7.9	-7.8
Workmen's Comp	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.7	.0	-0.1	-0.1
TOTAL TAX LEVIES	21.6	25.7	10.9	33.6	32.9	57.3	31.4	15.4	20.1	-6.9	-34.0	28.6	-81.3	-87.2
OTHER REVENUE & LUNCHROOM	14.1	10.3	46.3	14.9	4.6	-2.8	4.8	15.2	18.9	11.7	10.0	31.0	6.5	42.1
TOTAL LOCAL REVENUES	35.7	36.0	57.2	48.5	37.5	54.5	36.2	30.6	39.0	4.7	-23.9	59.5	-74.8	-45.0
STATE REVENUES														
Distributive Fund	42.4	4.5	39.0	64.0	35.8	58.0	-8.4	49.2	68.9	54.9	70.0	63.9	34.6	40.3
Special Education**	0.4	0.1	5.3	4.4	8.2	-2.8	4.4	6.1	-0.1	5.2	3.0	1.2	10.3	6.1
Other	-22.0	-27.1	-26.4	-41.3	-32.9	-53.2	-51.6	-38.1	-47.9	-59.2	9.3	19.5	3.3	-15.8
TOTAL STATE REVENUES	20.9	-22.4	17.9	27.1	11.1	2.0	-55.6	17.2	20.9	1.0	82.4	84.6	48.2	30.6
FEDERAL REVENUES														
ESEA	4.5	2.5	-0.9	-1.5	-7.7	7.0	-18.4	-6.1	-5.5	-9.2	-10.8	-8.8	-6.3	3.7
OTHER REVS & LUNCHROOM	6.3	6.0	14.9	-11.2	0.8	5.5	-8.9	-0.7	-2.6	-27.1	-42.0	-4.8	-1.3	11.7
TOTAL FEDERAL REVENUES	10.9	8.5	14.0	-12.7	-7.0	12.5	-27.3	-6.8	-8.1	-36.2	-52.8	-13.6	-7.6	15.4
TOTAL OPERATING REVENUES	67.5	22.1	89.1	62.9	41.7	69.1	-46.8	40.9	51.8	-30.5	5.6	130.5	-50.7	1.0
TOTAL SALE OF BONDS	-0.3	24.8	34.5	4.7	-86.5	-103.3	-27.8	-52.0	11.4	-48.1	-62.5	0.0	0.0	0.0
TOTAL REVENUES	67.1	46.8	123.6	67.6	-44.8	-34.2	-74.5	-11.1	63.2	-78.6	-56.9	130.5	-50.7	1.0

TABLE 21: LATEST ENROLLMENTS, BIG CITY SCHOOLS

1.	New York	918,384
2.	Los Angeles	544,328
3.	Chicago	435,843
4.	Philadelphia	207,782
5.	Detroit	202,989
6.	Houston	188,463
7.	Cleveland	77,377
8.	Denver	63,414

TABLE 22: TOTAL REVENUES 1983-1984

1.	New York	3,468,756
2.	Los Angeles	1,863,970
3.	Chicago	1,646,000
4.	Philadelphia	716,855
5.	Detroit	545,838
6.	Cleveland	374,067
7.	Denver	254,425
8.	Houston	151,207

TABLE 23
RANKING OF SELECTED MAJOR CITY SCHOOL SYSTEMS
Per Student Revenues, in Constant Dollars

	1979		1984	
1.	Denver	$1,461	Cleveland	$1,503
2.	Cleveland	1,392	New York	1,255
3.	New York	1,325	Philadelphia	1,233
4.	Philadelphia	1,322	Denver	1,227
5.	Chicago	1,271	Los Angeles	1,161
6.	Los Angeles	942	Chicago	1,121
7.	Detroit	863	Houston	852
8.	Houston	760	Detroit	800

TABLE 24: PERCENT CHANGE IN PER STUDENT
CONSTANT DOLLAR REVENUES, 1979-1984

1.	Los Angeles	+23%
2.	Houston	+12%
3.	Cleveland	+8%
4.	New York	-5%
5.	Philadelphia	-7%
5.	Detroit	-7%
7.	Chicago	-12%
8.	Denver	-16%

TABLE 25: LOCAL AND STATE SUPPORT FOR LARGE PUBLIC SCHOOL SYSTEMS, 1983-1984

	LOCAL		STATE	
1.	DENVER	66%	LOS ANGELES	75%
2.	HOUSTON	57%	DETROIT	60%
3.	NEW YORK	46%	CHICAGO	45%
4.	CLEVELAND	45%	CLEVELAND	44%
5.	PHILADELPHIA	43%	NEW YORK	42%
6.	CHICAGO	40%	PHILADELPHIA	40%
7.	DETROIT	31%	HOUSTON	35%
8.	LOS ANGELES	16%	DENVER	25%

TABLE 33: AVERAGE DAILY ATTENDANCE, COMPARING 1972 AND 1982

	1972	1982
Central City		
Chicago	452,059	328,768
Rockford	35,483	28,867
Peoria	20,818	17,056
East St. Louis	19,232	18,253
Moline	10,352	8,540
Bloomington	5,838	4,870
Suburban		
Unit		
Elmwood Park	3,081	2,218
Composite		
New Trier/Kenilworth	1,094	944
Bloom/East Chicago Hgts.	3,181	2,409
Bremen/Prairie Hills	687	495

TABLE 34: TOTAL EAV IN COMPARATIVE ILLINOIS SCHOOL DISTRICTS 1972 AND 1982 (in millions)

	1972	1982
Composite Districts		
Bloom/East Chicago Hgts.	145.8	142.1
New Trier/Kenilworth	71.5	116.2
Bremen/Prairie Hills	61.3	99.6
Unit District		
Elmwood Park	87.4	124.9
Unit Districts		
Bloomington	182.8	315.9
Peoria	750.0	715.5
Moline	218.7	349.0
East St. Louis	229.7	115.8
Rockford	915.4	949.3
Chicago	12,672.5	12,098.7

TABLE 35:

Equalized Assessed Value Per Student Illinois School Districts

	1972	1975	1980	1981	1982
Elementary Districts					
Kenilworth	52.88	43.41	47.88	72.75	83.93
Prairie Hills	146.10	137.20	308.64	333.31	338.59
East Chicago Hgts.	27.66	22.52	29.76	33.83	36.29
High School Districts					
New Trier	78.30	72.91	89.90	142.57	162.32
Niles	69.01	64.69	76.37	84.21	81.70
Bremen	32.21	38.25	51.66	59.27	63.89
Unit Districts					
Elmwood Park	28.37	27.39	46.22	44.36	56.31
Bloomington	31.31	35.60	51.76	60.37	64.87
Peoria	36.03	28.85	35.95	39.88	41.95
Moline	21.13	20.25	31.81	37.01	40.87
East St. Louis	11.98	9.35	5.22	5.77	6.34
Rockford	25.80	26.83	27.22	30.78	32.89
Chicago	28.03	26.00	33.85	27.35	36.80